



CITY OF MULBERRY, FLORIDA

FINANCIAL STATEMENTS

September 30, 2024

Prepared by: Department of Finance

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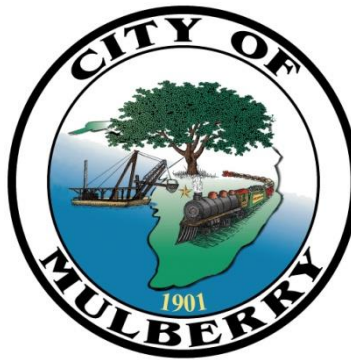
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## **FINANCIAL SECTION**



# Powell and Jones CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor  
And Members of the City Commission  
City of Mulberry, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mulberry, Florida (the City), as of and for the year ended September 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 GAAS and GAS 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 GAAS and GAS, 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 aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules, and the schedule of changes in total OPEB liability and related ratios 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 schedule of expenditures of state financial assistance as required by section 215.97, Florida Statutes, *Florida Single Audit Act*; Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance, 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 schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025 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 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 the City’s internal control over financial reporting and compliance.



**Powell and Jones CPA**  
Lake City, Florida  
March 14, 2025

As management of the City of Mulberry, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements that can be found by referencing the table of contents of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$24,007,934 (net position) compared to \$20,491,626 at the end of the prior year. Of the September 30, 2024 balance, \$1,543,278 is reported as unrestricted net position compared to a \$2,281,828 reported in the prior year.
- The government's total net position increased by \$3,516,308 during the year ended September 30, 2024 compared to an increase of \$1,901,408 in the prior year.
- As of the close of the current fiscal year, the City's general fund (governmental fund level) reported ending fund balance of \$8,070,834 compared to \$4,361,542 at the end of the prior year. Of this total amount, \$2,451,267 is available for spending at the government's discretion (unassigned fund balance) compared to \$3,274,870 in the prior year.

### Overview of the Financial Statements

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

Government-wide financial statements: The 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's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner similar to the approach used by private-sector business in that revenue is recognized when earned or established criteria are satisfied, and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both of 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, building/zoning, maintenance, law enforcement, community redevelopment and culture and recreation. The business-type activities of the City include the water, sewer, sanitation and the stormwater management departments.

The government-wide financial statements can be found by referencing the table of contents of this report.

**Fund financial statements:** Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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 financing requirements.

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

The City maintains two separate governmental funds, the general fund and the community redevelopment agency (CRA) special revenue fund. 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 and the community redevelopment agency special revenue fund.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

*Proprietary funds:* The City utilizes one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City used an enterprise fund to account for its water, sewer, sanitation and stormwater management department. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

*Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one fiduciary fund type; a custodial fund. The custodial fund reports resources, not in a trust, held by the City for parties outside the City's reporting entity.

The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

All of the City's funds are considered major funds.

*Notes to the financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

**CITY OF MULBERRY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2024

*Other information:* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and community redevelopment agency special revenue funds' budgetary comparisons and the schedule of changes in the total other post-employment benefits (OPEB) liability and related ratios. Required supplementary information can be found by referencing the table of contents of this report.

Government-wide Financial Analysis

The following is a summary of the information presented in the Statement of Net Position on page 12 of this report.

<b>Statement of Net Position (Summary)</b>						
<b>as of September 30,</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>						
Current and other assets	\$ 11,642,805	\$ 5,662,918	\$ 4,241,442	\$ 3,597,459	\$ 15,884,247	\$ 9,260,377
Capital assets	10,385,565	6,009,032	19,814,621	16,710,173	30,200,186	22,719,205
<b>Total assets</b>	<b>22,028,370</b>	<b>11,671,950</b>	<b>24,056,063</b>	<b>20,307,632</b>	<b>46,084,433</b>	<b>31,979,582</b>
<b>Deferred outflows</b>	<b>167,694</b>	<b>159,460</b>	<b>78,000</b>	<b>74,170</b>	<b>245,694</b>	<b>233,630</b>
<b>Liabilities</b>						
Long-term liabilities	12,273,005	2,807,402	6,747,603	6,427,233	19,020,608	9,234,635
Other liabilities	1,046,849	289,652	1,095,197	920,250	2,142,046	1,209,902
<b>Total liabilities</b>	<b>13,319,854</b>	<b>3,097,054</b>	<b>7,842,800</b>	<b>7,347,483</b>	<b>21,162,654</b>	<b>10,444,537</b>
<b>Deferred inflows</b>	<b>791,421</b>	<b>871,625</b>	<b>368,118</b>	<b>405,424</b>	<b>1,159,539</b>	<b>1,277,049</b>
<b>Net position</b>						
Net investment in capital assets	5,670,793	4,802,666	13,357,910	10,732,721	19,028,703	15,535,387
Restricted	2,187,792	1,712,212	1,248,161	962,199	3,435,953	2,674,411
Unrestricted	226,204	1,347,853	1,317,074	933,975	1,543,278	2,281,828
<b>Total net position</b>	<b>\$ 8,084,789</b>	<b>\$ 7,862,731</b>	<b>\$ 15,923,145</b>	<b>\$ 12,628,895</b>	<b>\$ 24,007,934</b>	<b>\$ 20,491,626</b>

The largest portion of the City's net position, \$19,028,703 reflects its investment in capital assets (e.g., land, buildings, sewer and water system, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should 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.

An additional portion of the City's net position, \$3,435,953 represents resources that are subject to external restrictions on how they may be used and are reported as restricted net position.

At the end of the current fiscal year, the City reported unrestricted net position in the governmental activities of \$226,204 and unrestricted net position of \$1,317,074 for the business-type activities for a total unrestricted net position of the primary government of \$1,543,278 compared to a combined balance of \$2,281,828 in the prior year.

**CITY OF MULBERRY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**September 30, 2024**

Government-wide Analysis

	<b>Statement of Activities (Summary)</b>					
	<b>For the year ended September 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 755,515	\$ 762,010	\$ 4,675,425	\$ 4,050,861	\$ 5,430,940	\$ 4,812,871
Operating grants and contributions	42,421	949,238	-	-	42,421	949,238
Capital grants and contributions	184,369	199,132	3,580,587	607,626	3,764,956	806,758
<i>General revenues:</i>						
Taxes	4,651,524	4,153,302	-	-	4,651,524	4,153,302
Intergovernmental	541,338	557,207	-	-	541,338	557,207
Other	63,475	48,602	9,378	31,410	72,853	80,012
<b>Total revenues</b>	<b><u>6,238,642</u></b>	<b><u>6,669,491</u></b>	<b><u>8,265,390</u></b>	<b><u>4,689,897</u></b>	<b><u>14,504,032</u></b>	<b><u>11,359,388</u></b>
<b>Expenses:</b>						
General government	1,913,093	1,836,235	-	-	1,913,093	1,836,235
Building and zoning	458,691	477,754	-	-	458,691	477,754
Law enforcement	1,376,894	1,338,837	-	-	1,376,894	1,338,837
Maintenance	831,460	770,006	-	-	831,460	770,006
Culture/recreation	1,291,591	1,102,595	-	-	1,291,591	1,102,595
Community redevelopment	467,682	60,220	-	-	467,682	60,220
Interest on long-term debt	527,173	44,100	-	-	527,173	44,100
Water	-	-	1,348,373	911,904	1,348,373	911,904
Sewer	-	-	1,245,458	1,696,449	1,245,458	1,696,449
Sanitation	-	-	1,235,164	937,502	1,235,164	937,502
Stormwater	-	-	292,145	282,378	292,145	282,378
<b>Total expenses</b>	<b><u>6,866,584</u></b>	<b><u>5,629,747</u></b>	<b><u>4,121,140</u></b>	<b><u>3,828,233</u></b>	<b><u>10,987,724</u></b>	<b><u>9,457,980</u></b>
<b>Transfers in (out)</b>	<b><u>850,000</u></b>	<b><u>750,000</u></b>	<b><u>(850,000)</u></b>	<b><u>(750,000)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Change in Net Position	222,058	1,789,744	3,294,250	111,664	3,516,308	1,901,408
Net position - October 1	7,862,731	6,072,987	12,628,895	12,568,148	20,491,626	18,641,135
Restatement	-	-	-	(50,917)	-	(50,917)
Net position - September 30	<b><u>\$ 8,084,789</u></b>	<b><u>\$ 7,862,731</u></b>	<b><u>\$ 15,923,145</u></b>	<b><u>\$ 12,628,895</u></b>	<b><u>\$ 24,007,934</u></b>	<b><u>\$ 20,491,626</u></b>

Governmental activities: Governmental activities’ change in net position for 2024 was an increase of \$222,058 as compared to an increase of \$1,789,744 for the prior year. The main reasons for the current year changes are as follows:

- Total revenue decreased by \$430,849 or 6 percent mainly due to the following:
  - Total tax revenue increased by \$498,222 or 12% generally due to increased economic activity within the City and the State and includes a \$623,419 increase in property taxes due to increased property values, both from appreciation and from new construction within the City. The increase in property tax revenue was partially offset by a decline in fuel taxes of approximately \$181,800 due to Polk County, Florida recalculation the apportionment ratio of all municipalities within Polk County, Florida.

**CITY OF MULBERRY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

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- Operating grants and contributions decreased by \$906,816 or 96% mainly due to the recognition of approximately \$827,700 of American Rescue Plan Act – Coronavirus State and Local Fiscal Recovery Funds (ARPA-SLFRF) in the prior year while no such ARPA-SLFRF grant revenue were recognized in 2024 as all the City's ARPA-SLFRF grant revenue had been recognized as of September 30, 2023.
- Total expenses increased by \$1,236,837 or 22% mainly due to the following:
  - General government functional expenses increased by \$76,858 or 4% mainly due to the following:
    - Personnel-related costs increased by approximately \$75,000 or 7%.
  - Culture/recreation functional expenses increased by \$188,996 or 17% mainly due to the following:
    - Personnel-related costs increased by approximately \$51,000 or 8%.
    - Non-personnel-related costs of approximately \$57,000 were added to establish a new department to capture costs to operate a new recreational facility called Studio 37.
    - The remaining change from the prior year is caused by an aggregate net increase due to a myriad of changes across a broad range of expense categories.
  - Community redevelopment expenses increased by approximately \$407,500 or 677% mainly due to the City allocating \$333,000 of personnel related costs to the CRA. This was the first year the City has allocated such expenses to the CRA.
  - Interest expenses increased by \$483,073 mainly due to approximately \$110,000 of debt issuance costs related to new debt agreements executed in the current year and increased interest expense because of these new debt agreements.
  - The other functional categories experienced an aggregate net increase of approximately \$80,500 or 3% due to a myriad of changes across a broad range of expense categories.
- Transfer from the business-type activities was \$850,000 in 2024 which was a \$100,000 increase from 2023.

Business-type activities: Business-type activities' change in net position for 2024 was an increase of \$3,294,250 as compared to an increase of \$111,664 for the prior year. The main reasons for the current year changes are as follows:

- Total revenue increased by \$3,575,493 or 76%.
  - Charges for services program revenue increased by \$624,564 or 15% mainly due to increases in new customers connecting to these utility systems compared to the prior year.

- Capital grants and contributions increased by \$2,972,961 or 489% mainly due to increased impact fee revenue of approximately \$260,000 and an increase in grant revenue of \$2,716,000 due to wastewater system projects.
- Total expenses increased by \$292,907 or 8% mainly due to a \$297,662 or 32% increase in sanitation department expenses driven by increased charges by the City's sanitation service provider.
- The transfer to the governmental activities was \$850,000 in 2024 which was a \$100,000 increase from 2023.

#### Financial Analysis of the Government's Funds

**Governmental funds:** The focus of the City's governmental funds statements 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 general fund reported ending fund balances of \$8,070,834 an increase of \$3,709,292 in comparison with the previously reported balance in the prior year. Of this total, \$2,451,267 constitutes unassigned fund balance, which is available for spending at the government's discretion and which represents 34% of the 2024 general fund expenditures, a decrease from a 50% balance at the end of the prior year. The City reports \$74,408 as non-spendable fund balance which represents prepaid expenditures at the end of the year. The remainder of fund balance is reported as restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

Activity during the current fiscal year included the following key components:

- Total general fund revenues decreased by \$1,010,111 or 17% mainly due to a \$916,539 (62%) decrease in intergovernmental revenue due to a decrease in the recognition of ARPA-SLFRF revenue in the current year compared to the prior year.
- Total general fund expenditures increased by approximately \$574,700 or 9% mainly due to the following:
  - General government expenditures increased by approximately \$52,749 (3%) mainly due to an approximate increase in personnel-related expenditures of approximately \$75,000 (7%) offset by reductions in other expenditure accounts.
  - Maintenance expenditures increased by approximately \$73,000 (10%) mainly due to an approximate increase in personnel-related expenditures of \$29,000 (2%) and an approximate increase in repair and maintenance expenditures of \$38,500 (24%).
  - Culture/recreation expenditures increased by approximately \$120,000 (13%) mainly due to an approximate increase in personnel-related expenditures of \$67,000 (10%). The remaining increase is mainly due to increased operating expenditures driven by the addition of a new program to this function (Studio 37).
  - Capital outlay expenditures increased by approximately \$175,000 (13%) due to increased capital equipment and project activity in 2024 compared to 2023.

**CITY OF MULBERRY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
September 30, 2024

This was the seventh year of operation of the City’s community redevelopment agency special revenue fund. More information on the community redevelopment special revenue fund can be found by referencing the table of contents of this report.

**Proprietary funds:** The City’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The major changes between 2024 and 2023 are discussed above under the “business-type activities” heading.

General Fund Budgetary Highlights

Actual resources were greater than budgeted resources by \$8,784,304 due mainly to debt proceeds that far exceeded budgeted resources. Actual charges to appropriations were \$89,275 less than budgeted and ,when combined with the resources variance above, resulted in an overall favorable budget variance of \$8,873,579. The general fund budget was amended to increase budgeted resources by \$757,984 or 13% and budgeted outflows were increased by \$1,816,642 or 32%. Budgeted resources were increased to reflect greater than anticipated revenue and budgeted outflows were increased to report expenditures that were greater than estimated in the original budget.

Capital Assets and Debt Administration

Capital assets: The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$30,200,186 (net of accumulated depreciation) which is an increase 33%. This increase is the result of current year additions in excess of depreciation expense.

Information on the City’s capital assets is summarized in the following table.

	<b>Capital Assets Activity</b>					
	(net of depreciation)					
	as of September 30,					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 1,537,875	\$ 1,409,612	\$ 183,073	\$ 183,073	\$ 1,720,948	\$ 1,592,685
Buildings and improvements	4,557,636	3,981,775	-	-	4,557,636	3,981,775
Artifacts	54,000	54,000	-	-	54,000	54,000
Water and sewer system	-	-	14,219,739	14,917,455	14,219,739	14,917,455
Stormwater system	-	-	85,624	92,523	85,624	92,523
Machinery and equipment	392,502	437,119	920,661	1,000,982	1,313,163	1,438,101
Leased equipment	4,816	16,373	-	-	4,816	16,373
Subscription assets	105,015	-	-	-	105,015	-
Construction in progress	<u>3,733,721</u>	<u>110,153</u>	<u>4,405,524</u>	<u>516,140</u>	<u>8,139,245</u>	<u>626,293</u>
Total	<u>\$ 10,385,565</u>	<u>\$ 6,009,032</u>	<u>\$ 19,814,621</u>	<u>\$ 16,710,173</u>	<u>\$ 30,200,186</u>	<u>\$ 22,719,205</u>

Additional information on the City’s capital assets can be found in note 5 of the notes to the financial statements which can be found by referencing the table of contents of this report.

**CITY OF MULBERRY**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
 September 30, 2024

Long-Term Debt: As shown in the table below, the City had total long-term debt outstanding of \$16,912,384 which represents an increase of approximately 130% over the prior year. The increase was due to new debt agreements executed during the current year, mainly in the governmental activities partially offset by normally scheduled principal payments made during the current year.

**Revenue Notes and Notes Payable**

as of September 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue notes	\$ 10,801,066	\$ 1,522,066	\$ 6,111,318	\$ 5,840,903	\$ 16,912,384	\$ 7,362,969
Total	<u>\$ 10,801,066</u>	<u>\$ 1,522,066</u>	<u>\$ 6,111,318</u>	<u>\$ 5,840,903</u>	<u>\$ 16,912,384</u>	<u>\$ 7,362,969</u>

Additional information on the City’s long-term obligations can be found in note 6 of the notes to the financial statements which can be found by referencing the table of contents of this report.

Economic Factors and Next Year’s Budgets and Rates

It is anticipated that the following significant item will affect the 2025 fiscal year:

- The approved budget for the fiscal year 2024-25 provides for an increase in fund balance of the general fund and an increase in net position of the enterprise fund.
- The City’s millage rate in effect for the fiscal year ended September 30, 2025 is 6.39, a decrease of 1% from 6.44 in 2024 but because of increased property values, the expected ad valorem tax revenue is expected to increase by approximately 15% (general fund and community redevelopment special revenue fund).

These significant items were considered in preparing the City’s budget for the 2025 fiscal year and are expected to influence the City’s fiscal year 2025 financial results.

Requests for information

This financial report is designed to provide a general overview of the City of Mulberry, Florida, finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mulberry, 104 S. Church Street, Mulberry, Florida 33860.

**CITY OF MULBERRY, FLORIDA**

Statement of Net Position

September 30, 2024

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,539,814	\$ 1,615,732	\$ 4,155,546
Receivables, current:			
Customer accounts, net	-	748,009	748,009
Intergovernmental	74,725	-	74,725
Other	118,822	-	118,822
Internal balances	(48,707)	48,707	-
Inventory	-	5,807	5,807
Prepaid expenses	74,408	1,183	75,591
Restricted assets:			
Cash and cash equivalents	8,883,743	1,822,004	10,705,747
Capital Assets:			
Non-depreciable	5,325,596	4,588,597	9,914,193
Depreciable, net	5,059,969	15,226,024	20,285,993
<b>TOTAL ASSETS</b>	<b>22,028,370</b>	<b>24,056,063</b>	<b>46,084,433</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to OPEB	167,694	78,000	245,694
<b>LIABILITIES</b>			
Accounts payable	156,245	137,492	293,737
Accrued payroll	88,208	23,855	112,063
Construction costs payable	458,106	345,393	803,499
Due to other governments	1,272	14,614	15,886
Accrued interest payable	314,107	9,872	323,979
Customer deposits	28,911	563,971	592,882
Long-term obligations:			
Due within one year	422,653	238,931	661,584
Due in more than one year	11,850,352	6,508,672	18,359,024
<b>TOTAL LIABILITIES</b>	<b>13,319,854</b>	<b>7,842,800</b>	<b>21,162,654</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to OPEB	791,421	368,118	1,159,539
<b>NET POSITION</b>			
Net investment in capital assets	5,670,793	13,357,910	19,028,703
Restricted for:			
Debt service	-	347,316	347,316
Water system improvements	-	188,372	188,372
Sewer system improvements	-	712,473	712,473
Building code enforcement	395,905	-	395,905
Law enforcement training	5,136	-	5,136
Transportation expenses	491,738	-	491,738
Community redevelopment	1,295,013	-	1,295,013
Unrestricted	226,204	1,317,074	1,543,278
<b>TOTAL NET POSITION</b>	<b>\$ 8,084,789</b>	<b>\$ 15,923,145</b>	<b>\$ 24,007,934</b>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**  
Statement of Activities  
for the year ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental activities:</b>							
General government	\$ 1,913,093	\$ 138,981	\$ 10,057	\$ 140,981	\$ (1,623,074)	\$ -	\$ (1,623,074)
Building and zoning	458,691	351,240	-	-	(107,451)	-	(107,451)
Law enforcement	1,376,894	13,864	-	-	(1,363,030)	-	(1,363,030)
Maintenance	831,460	52,139	-	-	(779,321)	-	(779,321)
Culture/recreation	1,291,591	199,291	32,364	43,388	(1,016,548)	-	(1,016,548)
Community redevelopment	467,682	-	-	-	(467,682)	-	(467,682)
Interest on long-term debt	527,173	-	-	-	(527,173)	-	(527,173)
<b>Total governmental activities</b>	<b>6,866,584</b>	<b>755,515</b>	<b>42,421</b>	<b>184,369</b>	<b>(5,884,279)</b>	<b>-</b>	<b>(5,884,279)</b>
<b>Business-type activities</b>							
Water utility	1,348,373	1,339,591	-	175,934	-	167,152	167,152
Sewer utility	1,245,458	1,660,818	-	3,404,653	-	3,820,013	3,820,013
Sanitation utility	1,235,164	1,368,810	-	-	-	133,646	133,646
Stormwater utility	292,145	306,206	-	-	-	14,061	14,061
<b>Total business-type activities</b>	<b>4,121,140</b>	<b>4,675,425</b>	<b>-</b>	<b>3,580,587</b>	<b>-</b>	<b>4,134,872</b>	<b>4,134,872</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 10,987,724</b>	<b>\$ 5,430,940</b>	<b>\$ 42,421</b>	<b>\$ 3,764,956</b>	<b>(5,884,279)</b>	<b>4,134,872</b>	<b>(1,749,407)</b>
<b>GENERAL REVENUES</b>							
Taxes:							
Property taxes, levied for general purposes					1,539,498	-	1,539,498
Property taxes, levied for community redevelopment					1,355,416	-	1,355,416
Franchise taxes					574,750	-	574,750
Public service taxes					932,528	-	932,528
Fuel taxes for transportation purposes					249,332	-	249,332
State shared revenue					541,338	-	541,338
Gain on sale of capital assets					11,284	-	11,284
Other revenues					52,191	9,378	61,569
<b>TRANSFERS</b>					850,000	(850,000)	-
Total general revenues and transfers					6,106,337	(840,622)	5,265,715
Change in net position					222,058	3,294,250	3,516,308
<b>NET POSITION, beginning of year</b>					7,862,731	12,628,895	20,491,626
<b>NET POSITION, end of year</b>					\$ 8,084,789	\$ 15,923,145	\$ 24,007,934

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**  
Balance Sheet – Governmental Funds  
September 30, 2024

	<b>General Fund</b>	<b>Community Redevelopment Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,539,814	\$ 1,336,262	\$ 3,876,076
Receivables, current:			
Intergovernmental	74,725	-	74,725
Other	118,822	-	118,822
Prepaid expenditures	74,408	-	74,408
Restricted assets:			
Cash and cash equivalents	5,545,159	2,002,322	7,547,481
<b>TOTAL ASSETS</b>	<b>\$ 8,352,928</b>	<b>\$ 3,338,584</b>	<b>\$ 11,691,512</b>
<b>LIABILITIES</b>			
Accounts payable	114,996	41,249	156,245
Construction costs payable	-	458,106	458,106
Accrued payroll	88,208	-	88,208
Due to other governments	1,272	-	1,272
Deposits	28,911	-	28,911
Due to enterprise fund	48,707	-	48,707
<b>TOTAL LIABILITIES</b>	<b>282,094</b>	<b>499,355</b>	<b>781,449</b>
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid expenditures	74,408	-	74,408
Restricted:			
Law enforcement training	5,136	-	5,136
Building code enforcement	395,905	-	395,905
Public facility improvements	4,652,380	-	4,652,380
Transportation expenditures	491,738	-	491,738
Community redevelopment	-	2,839,229	2,839,229
Unassigned	2,451,267	-	2,451,267
<b>TOTAL FUND BALANCE</b>	<b>8,070,834</b>	<b>2,839,229</b>	<b>10,910,063</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,352,928</b>	<b>\$ 3,338,584</b>	<b>\$ 11,691,512</b>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

September 30, 2024

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 10,910,063
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,385,565
Deferred outflows of resources represent a decrease in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	167,694
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(791,421)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(314,107)
Long-term liabilities, including bonds and notes payable, compensated absences and the total other postemployment liability are not due and payable in the current period and, therefore, are not reported in the funds.	(12,273,005)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 8,084,789</u>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
for the year ended September 30, 2024

	General Fund	Community Redevelopment Fund	Total
<b>REVENUES:</b>			
Taxes	\$ 3,319,819	\$ 1,355,416	\$ 4,675,235
Licenses and permits	508,423	-	508,423
Intergovernmental revenue	568,357	-	568,357
Charges for services	234,109	-	234,109
Fines and forfeitures	122,245	-	122,245
Other	130,271	-	130,271
Total revenues	<u>4,883,224</u>	<u>1,355,416</u>	<u>6,238,640</u>
<b>EXPENDITURES:</b>			
Current:			
General government	1,808,032	-	1,808,032
Public safety	1,791,305	-	1,791,305
Maintenance	774,638	-	774,638
Culture/recreation	1,051,539	-	1,051,539
Economic environment	-	446,224	446,224
Capital outlay	1,567,068	3,272,222	4,839,290
Debt service			
Principal	12,100	221,000	233,100
Interest	124,601	99,119	223,720
Total expenditures	<u>7,129,283</u>	<u>4,038,565</u>	<u>11,167,848</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,246,059)</u>	<u>(2,683,149)</u>	<u>(4,929,208)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	850,000	4,500,000	5,350,000
Transfer out	(4,500,000)	-	(4,500,000)
Subscriptions issued	105,351	-	105,351
Debt proceeds	9,500,000	-	9,500,000
Total other financing sources (uses)	<u>5,955,351</u>	<u>4,500,000</u>	<u>10,455,351</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,709,292	1,816,851	5,526,143
<b>FUND BALANCE, beginning of year</b>	<u>4,361,542</u>	<u>1,022,378</u>	<u>5,383,920</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 8,070,834</u>	<u>\$ 2,839,229</u>	<u>\$ 10,910,063</u>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
to the Statement of Activities  
for the year ended September 30, 2024

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

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 5,526,143

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

This is the amount of capital assets recorded in the current period	4,690,509
This is the amount of depreciation/amortization recorded in the current period	(313,976)

The issuance of long-term debt (e.g. bonds, leases, IT subscriptions) provides current financial resources to governmental funds while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

This is the repayment of bond principal reported as an expenditure in governmental funds	221,000
This is the current year proceeds from borrowing.	(9,500,000)
This is the principal paid on leases payable.	12,100
This is the change in accrued interest payable on long-term debt.	(303,453)
This is the amount of new subscription liabilities issued in the current year.	(105,351)
This is the repayment of subscription liability principal in the current year.	307

Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:

This amount represents the change in deferred outflows related to OPEB	8,234
This amount represents the change in deferred inflows related to OPEB	80,204
This amount represents the change in the total OPEB liability	(79,762)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

This is the change in accrued compensated absences during the year	(13,897)
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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 222,058

**CITY OF MULBERRY, FLORIDA**

## Statement of Net Position – Proprietary Fund

September 30, 2024

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,615,732
Customer accounts receivable, net	748,009
Due from general fund	48,707
Inventory	5,807
Prepaid expenses	1,183
Total current assets	<u>2,419,438</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	1,822,004
Capital assets:	
Non-depreciable	4,588,597
Depreciable, net	15,226,024
Total noncurrent assets	<u>21,636,625</u>
<b>TOTAL ASSETS</b>	<u>24,056,063</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	<u>78,000</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	137,492
Construction payable	345,393
Accrued payroll	23,855
Due to other governments	14,614
Bonds and notes payable, current	238,931
Total current liabilities	<u>760,285</u>
Noncurrent liabilities:	
Compensated absences	75,475
Liabilities payable from restricted assets:	
Accrued interest payable	9,872
Customer deposits	563,971
OPEB liability payable	560,810
Bonds and notes payable, noncurrent portion	5,872,387
Total noncurrent liabilities	<u>7,082,515</u>
<b>TOTAL LIABILITIES</b>	<u>7,842,800</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to OPEB	<u>368,118</u>
<b>NET POSITION</b>	
Net investment in capital assets	13,357,910
Restricted for:	
Debt service	347,316
Water system improvements	188,372
Sewer system improvements	712,473
Unrestricted	1,317,074
<b>TOTAL NET POSITION</b>	<u>\$ 15,923,145</u>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
for the year ended September 30, 2024

	<b>Enterprise Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for services	
Water charges	\$ 1,339,591
Sewer charges	1,660,818
Sanitation charges	1,368,810
Stormwater charges	306,206
Total operating revenues	<u>4,675,425</u>
<b>OPERATING EXPENSES:</b>	
Personnel services	908,961
Operating expenses	2,213,180
Depreciation	868,719
Total operating expenses	<u>3,990,860</u>
<b>OPERATING INCOME</b>	<u>684,565</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest expense	(130,282)
Other nonoperating revenue, net	9,380
Total nonoperating revenues (expense)	<u>(120,902)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>563,663</u>
<b>CAPITAL CONTRIBUTIONS</b>	
Capital grants and contributions	2,960,857
Capacity fees	619,730
Total capital contributions	<u>3,580,587</u>
<b>TRANSFERS IN (OUT)</b>	
Transfer to general fund	(850,000)
Total transfers	<u>(850,000)</u>
<b>CHANGE IN NET POSITION</b>	3,294,250
<b>NET POSITION, beginning of year</b>	<u>12,628,895</u>
<b>NET POSITION, end of year</b>	<u>\$ 15,923,145</u>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**

Statement of Cash Flows – Proprietary Fund  
for the year ended September 30, 2024

	<b>Enterprise Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 4,444,912
Payments to suppliers	(2,338,222)
Payments for salaries and benefits	(886,758)
Other payments	9,380
Net cash flows from operating activities	<u>1,229,312</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers to other funds	(850,000)
Net cash flows from noncapital financing activities	<u>(850,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition and construction of capital assets, net of related payables	(3,764,323)
Loan proceeds	3,644,479
Principal paid on long-term debt	(478,993)
Interest paid on borrowings	(134,350)
Impact fees received	619,730
Capital grants received, net of change in related receivable	65,786
Net cash flows from capital and related financing activities	<u>(47,671)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	331,641
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	3,106,095
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,437,736</u>
<b>As shown in the Accompanying Financial Statements</b>	
Cash and cash equivalents	\$ 1,615,732
Restricted cash and cash equivalents	1,822,004
<b>Total cash and cash equivalents</b>	<u>\$ 3,437,736</u>
<b>Noncash financing and investing activities:</b>	
Loan forgiveness grant	<u>\$ 2,895,071</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 684,565
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	868,719
Nonoperating payments reported as operating cash flows	9,380
(Increase) decrease in accounts receivable	(274,206)
(Increase) decrease in due from general fund	(50,206)
(Increase) decrease in deferred outflows related to OPEB	(3,830)
Increase (decrease) in deferred outflows related to OPEB	(37,306)
(Increase) decrease in prepaid expenses	12,070
Increase (decrease) in amounts due to other governments	1,920
Increase (decrease) in customer deposits	43,693
Increase (decrease) in accounts payable	(76,756)
Increase (decrease) in OPEB liability	37,099
Increase (decrease) in accrued wages and comp absences	14,170
Net cash flows from operating activities	<u>\$ 1,229,312</u>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**

Statement of Fiduciary Net Position – Fiduciary Fund

September 30, 2024

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	<b>Custodial Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 60,253
<b>TOTAL ASSETS</b>	<b>60,253</b>
<b>LIABILITIES</b>	
Due to other governments	60,253
<b>TOTAL LIABILITIES</b>	<b>60,253</b>
<b>NET POSITION</b>	
<b>TOTAL NET POSITION</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements

**CITY OF MULBERRY, FLORIDA**

Statement of Changes in Fiduciary Net Position – Fiduciary Fund  
for the year ended September 30, 2024

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	<u>Custodial Fund</u>
<b>ADDITIONS:</b>	
Fees collected on behalf of other governments	\$ 578,673
Total additions	<u>578,673</u>
<b>DEDUCTIONS:</b>	
Remittances of fees to other governments	578,673
Total deductions	<u>578,673</u>
<b>NET INCREASE (DECREASE)</b>	-
<b>NET POSITION - beginning of year</b>	-
<b>NET POSITION - end of year</b>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

The City of Mulberry, Florida (the "City") is a Municipal Corporation incorporated in 1901 under the laws of Florida, Chapter 63-1665. The Charter was amended most recently by referendum on April 3, 2007. The City operates under a commission-city manager form of government. These financial statements include all of the funds, organizations, agencies, and departments of the City (the "primary government") and any legally separate entities ("component units") required by U.S. GAAP to be included in the reporting entity.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Criteria for determining if other entities are potential component units of the City which should be reported with the City's basic financial statements are identified and described in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. A blended component unit, although legally separate, is in substance part of the City's operations and presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes.

Based on these criteria, the financial reporting entity does not include or exclude any component units.

The financial reporting entity does not include the assets of the employee defined contribution pension plan, which were determined not to be assets of the City.

**B. BASIS OF PRESENTATION**

The basic financial statements consist of the government-wide financial statements and fund financial statements.

**Government-wide Financial Statements** - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary fund is excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the City's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements.

The following fund types and funds are used and reported by the City:

**Governmental Funds** - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Community Redevelopment Agency** (the CRA) was created by City Ordinance 5-2015 pursuant to Florida Statutes chapter 163. In order to comply with the audit requirements of Section 163.387(8), Florida Statutes, the City electively added the CRA as a major fund. The purpose of the CRA is to eliminate and prevent the spread of blight throughout the redevelopment area. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of the City Commission.

**Proprietary Funds** - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, overall financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City has one *Enterprise Fund* which accounts for the activities associated with providing sanitation, potable water, stormwater management and, sewer collection, treatment and disposal to area residents.

**Fiduciary Fund** – The City also reports one fiduciary fund type; a custodial fund, which is used to account for impact fees collected on behalf of Polk County, Florida (the County). These funds are collected on behalf of the County as new construction takes place within the City and remitted to the County monthly.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure. In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e. revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

The proprietary fund is reported using the *economic measurement* focus and the *accrual basis of accounting*. Proprietary fund operating revenues generally result from producing and providing sanitation, potable water, stormwater management and, sewer collection, treatment and disposal services to area residents. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE**

**CASH AND CASH EQUIVALENTS** – Includes all bank demand deposits, certificates of deposit, money-market and savings accounts and all short-term highly liquid investment securities with a maturity of three months or less when purchased. On September 30, 2024, all of the City’s cash and investments met this definition.

**RECEIVABLES** - The City accrues the unbilled service of its enterprise fund which represents the estimated value of service from the last billing date to year end and totaled \$144,865 on September 30, 2024. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the utility customer receivables that are not expected to be collected. As of September 30, 2024, the reserve for uncollectible accounts totaled \$222,259.

**INTERFUND BALANCES** - To the extent any current interfund balances exist, management anticipates that they will be settled in cash as opposed to a permanent transfer.

**INVENTORY** - Enterprise fund inventories are valued at the lower of cost or market determined on a first-in, first-out basis.

**CAPITAL ASSETS** - In the government-wide financial statements capital assets include land, buildings, improvements, utility plant, infrastructure, and furniture and equipment. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting system) acquired prior to October 1, 2003, have not been reported. Capital assets are defined by City policy as personal or real property or improvements with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased and at acquisition value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Buildings and improvements	10-40
Machinery and equipment	5-15
Water and sewer system	10-40
Stormwater system	20

**RESTRICTED ASSETS** - Include cash and investments that are legally restricted to specific uses by external parties or enabling legislation. The City generally uses restricted resources first when an expenditure/expense is incurred for which both restricted and unrestricted resources are available.

**INTEREST COSTS** -Interest costs incurred before the end of a construction period is a financing activity separate from the related capital asset and interest costs incurred before the end of the construction period are recognized as an expense in the period in which the cost is incurred. These interest costs are not capitalized as part of the historical cost of the capital asset.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure).

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City has recognized deferred outflows and inflows of resources related to the City's other postemployment benefit plan based on the actuarial valuation that was performed. See Note 10 for additional information regarding the City's OPEB liability.

**LONG-TERM OBLIGATIONS** – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**COMPENSATED ABSENCES** – The City personnel policy provides for the payment of accrued vacation and sick pay upon separation of its employees. The liability for these compensated absences is recorded as long-term in the government wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is generally not payable from expendable available financial resources.

**INTERFUND TRANSFERS** – Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**CONNECTION FEES AND CAPACITY FEES** – Water connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Capacity fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid capacity fees received, which reserve capacity in the City’s future water facilities, are reported as capital contributions when the requirements of the Developer agreements are met by the City.

The City has accrued capacity fees receivable on September 30, 2024 totaling \$516,544 and has recorded an allowance for uncollectible capacity fees totaling \$300,000 representing the estimated portion of the gross receivable that is not expected to be collected.

**EQUITY CLASSIFICATIONS –**

**Government-wide Statements** – The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

*Net investment in capital assets* – Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

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

**Fund Statements** – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City’s circumstances. The following classifications describe the relative strength of the spending constraints:

*Nonspendable* — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* — amounts constrained to specific purposes by formal action (ordinance) of the City using its highest level of decision making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest level action (ordinance) to remove or change the constraint.

*Assigned* — amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

*Unassigned* — all other spendable amounts.

The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**USE OF ESTIMATES** – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**LEASES - Lessee:** The City is a lessee for a noncancellable lease of equipment and recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term, subsequently reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include the determination of the discount rate used to discount the lease payments to present value and determination of the lease term.

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)** - The City recognizes a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements when the initial, individual value of the subscription asset is deemed material to the financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at the commencement of the subscription term and any capitalizable implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for the subscription liability calculation.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments that are fixed in substance, any contract incentives receivable from the vendor and any other payments associated with the contract that are reasonably certain of being required based on an assessment of all relevant factors.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

**NOTE 2 – PROPERTY TAX CALENDAR**

Under Florida Law, the assessment of all properties and the collection of all county, municipal, special districts and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2024 was 6.44.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Compliance with Finance Related Legal and Contractual Provisions* – the City had no material violations of finance legal and contractual provisions.

*Deficit Fund Balance or Net Position of Individual Funds* – as of September 30, 2024, no individual fund had a deficit fund balance or net position deficit.

*Excess of Expenditures Over Budget Appropriations in Individual Funds* – for the year ended September 30, 2024, no budgetary fund had an excess of expenditures over appropriations.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

**DEPOSITS IN FINANCIAL INSTITUTIONS** – The City's deposits are insured by the FDIC up to \$250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the Chief Financial Officer, State of Florida (the "CFO") in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the CFO will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

**INVESTMENTS** – The types of investments in which the City may invest are governed by section 218.415, Florida Statutes. According to State Statutes, the City is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act; S.E.C. registered money market funds with the highest credit quality rating from a nationally recognized rating company; interest-bearing time deposits and savings accounts in qualified public depositories; direct obligations of the U.S. Treasury and federal agencies and instrumentalities or repurchase agreements fully collateralized by such securities; and interest in an entity registered under the Investment Company Act of 1940 whose investments are limited to U.S. Governments.

**NOTE 4 – DEPOSITS AND INVESTMENTS** (concluded)

The captions on the government-wide statement of net position for “cash and cash equivalents”, both restricted and unrestricted, are summarized below. There were no investment securities maintained during the year.

Cash and cash equivalents:

Cash on hand	\$	950
Deposits in financial institutions:		
Insured or fully collateralized bank deposits		<u>14,860,343</u>
Total cash and cash equivalents	\$	<u>14,861,293</u>

The City has no policy regarding custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk.

**CITY OF MULBERRY, FLORIDA**  
Notes to Financial Statements  
for the year ended September 30, 2024

**NOTE 5 – CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2024 was as follows:

	Balance October 1, 2023	Transfers	Increases	Decreases	Balance September 30, 2024
<b><u>Governmental Activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,409,612	\$ -	\$ 128,263	\$ -	\$ 1,537,875
Artifacts	54,000	-	-	-	54,000
Construction-in-progress	110,153	-	3,623,568	-	3,733,721
Total capital assets, not being depreciated	<u>1,573,765</u>	<u>-</u>	<u>3,751,831</u>	<u>-</u>	<u>5,325,596</u>
<b>Capital assets, being depreciated:</b>					
Buildings & improvement	6,501,221	-	782,410	(123,003)	7,160,628
Machinery and equipment	1,072,971	-	50,917	-	1,123,888
Subscription assets	-	-	105,351	-	105,351
Right to use leased equipment	39,490	-	-	-	39,490
Total capital assets, being depreciated	<u>7,613,682</u>	<u>-</u>	<u>938,678</u>	<u>(123,003)</u>	<u>8,429,357</u>
Less accumulated depreciation for:					
Buildings & improvement	(2,519,446)	-	(206,549)	123,003	(2,602,992)
Machinery and equipment	(635,852)	-	(95,534)	-	(731,386)
Subscription assets	-	-	(336)	-	(336)
Right to use leased equipment	(23,117)	-	(11,557)	-	(34,674)
Total accumulated depreciation	<u>(3,178,415)</u>	<u>-</u>	<u>(313,976)</u>	<u>123,003</u>	<u>(3,369,388)</u>
Total capital assets being depreciated, net	4,435,267	-	624,702	-	5,059,969
Governmental activities capital assets, net	<u>\$ 6,009,032</u>	<u>\$ -</u>	<u>\$ 4,376,533</u>	<u>\$ -</u>	<u>\$ 10,385,565</u>
<b><u>Business-type activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 183,073	\$ -	\$ -	\$ -	\$ 183,073
Construction-in-progress	516,140	-	3,889,384	-	4,405,524
Total capital assets, not being depreciated	<u>699,213</u>	<u>-</u>	<u>3,889,384</u>	<u>-</u>	<u>4,588,597</u>
<b>Capital assets, being depreciated:</b>					
Water and sewer system	25,254,384	-	39,880	-	25,294,264
Stormwater system	116,755	-	-	-	116,755
Equipment	3,037,542	-	43,903	(114,432)	2,967,013
Total capital assets, being depreciated	<u>28,408,681</u>	<u>-</u>	<u>83,783</u>	<u>(114,432)</u>	<u>28,378,032</u>
Less accumulated depreciation for:					
Water and sewer system	(10,336,929)	-	(737,596)	-	(11,074,525)
Stormwater system	(24,232)	-	(6,899)	-	(31,131)
Equipment	(2,036,560)	-	(124,224)	114,432	(2,046,352)
Total accumulated depreciation	<u>(12,397,721)</u>	<u>-</u>	<u>(868,719)</u>	<u>114,432</u>	<u>(13,152,008)</u>
Total capital assets being depreciated, net	16,010,960	-	(784,936)	-	15,226,024
Business-type activities capital assets, net	<u>\$ 16,710,173</u>	<u>\$ -</u>	<u>\$ 3,104,448</u>	<u>\$ -</u>	<u>\$ 19,814,621</u>

**NOTE 5 – CAPITAL ASSETS** (concluded)

Depreciation/amortization expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	51,144
Law enforcement		22,211
Building/Zoning		10,122
Maintenance		54,156
Culture/recreation		176,343

Total depreciation expense - governmental activities \$ 313,976

Business-type Activities:

Water	\$	275,283
Sewer		582,454
Stormwater		10,982

Total depreciation expense - business-type activities \$ 868,719

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**NOTE 6 – LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2024:

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
<b>Long-term liabilities:</b>					
Bonds and notes payable:					
Series 2020 Revenue Note	\$ 1,522,066	\$ -	\$ (221,000)	\$ 1,301,066	\$ 220,000
Series 2023 Revenue Note	-	4,500,000	-	4,500,000	175,000
Series 2024 Revenue Note	-	5,000,000	-	5,000,000	-
Total bonds and notes payable:	<u>1,522,066</u>	<u>9,500,000</u>	<u>(221,000)</u>	<u>10,801,066</u>	<u>395,000</u>
Other postemployment benefit obligation	1,125,931	79,762	-	1,205,693	-
Subscriptions payable	-	105,351	(307)	105,044	22,395
Leases payable	17,358	-	(12,100)	5,258	5,258
Compensated absences	142,047	13,897	-	155,944	-
Total long-term liabilities	<u>\$ 2,807,402</u>	<u>\$ 9,699,010</u>	<u>\$ (233,407)</u>	<u>12,273,005</u>	<u>\$ 422,653</u>
Less amounts due in one year				<u>(422,653)</u>	
Net long-term liabilities in excess of one year				<u>\$ 11,850,352</u>	
<b><u>Business-type Activities:</u></b>					
<b>Long-term liabilities:</b>					
Bonds and notes payable:					
WW770050 installment note to FDEP	\$ 901,273	\$ -	\$ (90,467)	\$ 810,806	\$ 92,746
DW531200 installment note to FDEP	113,535	-	(4,274)	109,261	5,690
DW531210 installment note to FDEP	189,684	-	(11,295)	178,389	11,368
DW531211 installment note to FDEP	23,172	3,644,479	(2,895,071)	772,580	-
Revenue bonds, series 2015	3,276,703	-	(65,534)	3,211,169	67,500
Revenue refunding note, series 2013	246,000	-	(246,000)	-	-
WW770060 installment note to FDEP	174,021	-	(10,505)	163,516	10,709
WW770063 installment note to FDEP	916,515	-	(50,918)	865,597	50,918
Total bonds and notes payable	<u>5,840,903</u>	<u>3,644,479</u>	<u>(3,374,064)</u>	<u>6,111,318</u>	<u>238,931</u>
Other postemployment benefit obligation	523,711	37,099	-	560,810	-
Compensated absences	62,619	12,856	-	75,475	-
Total long-term liabilities	<u>\$ 6,427,233</u>	<u>\$ 3,694,434</u>	<u>\$ (3,374,064)</u>	<u>6,747,603</u>	<u>\$ 238,931</u>
Less amounts due in one year				<u>(238,931)</u>	
Net long-term liabilities in excess of one year				<u>\$ 6,508,672</u>	

**Notes to Long-Term Obligations Table**

Long term liabilities, including accumulated compensated absences, leases payable and other postemployment benefit costs, are typically liquidated by the individual fund to which the liability is directly associated, in the governmental funds, such long-term obligations have been liquidated by the general fund.

All the City's long-term debt arose through direct borrowings or direct placements.

**Interest included as Direct Expense:**

None of the interest on governmental activities long-term debt has been included in the direct expenses of any of the various programs.

**Governmental Activities:**

- The Capital Improvement Revenue Note, Series 2020 (the "Series 2020 Revenue Note") is secured by a covenant to budget and appropriate non-ad valorem revenues to pay the annual debt service as it becomes due. The note bears interest at a rate of 2.80% and requires annual payments of principal and interest on July 1 of each year until final maturity on July 1, 2030. The note proceeds were used to fund the rehabilitation of the historic Gem Theatre building in downtown Mulberry. The Series 2020 Revenue Note was issued on July 2, 2020 for an initial principal amount of \$2,200,000. The City's Community Redevelopment Agency has committed to making the debt service payments of this debt through maturity on July 1, 2030. In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due.
- The Capital Improvement Revenue Note, Series 2023 (the "Series 2023 Revenue Note") is secured by bonds to be issued on or before the maturity date for the purpose of refinancing this note. To the extent these future bond issues are not sufficient to pay the amounts due, the amounts are secured by a covenant to budget and appropriate non-ad valorem revenues to pay the annual debt service as it becomes due. The note bears interest at a rate of 8.00% and requires annual payments of principal and interest on December 21st of each year until December 21, 2034, when the outstanding principal is due in a balloon payment of \$2,575,000. The note proceeds were used to fund the acquisition and construction of the City's Depot 303 project. The Series 2023 Revenue Note was issued on December 21, 2023 for an initial principal amount of \$4,500,000. The City's Community Redevelopment Agency has committed to making the debt service payments of this debt through maturity on December 21, 2034. In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due.
- The Capital Improvement Revenue Bond Anticipation Note, Series 2024 (the "Series 2024 Revenue Note") is secured by a covenant to budget and appropriate non-ad valorem revenues to pay the annual debt service as it becomes due. The note bears interest at a rate of 5.00% and requires monthly interest payments until maturity on December 20, 2025 when the entire outstanding principal is due. The note proceeds were used towards the design, construction, installation, improvement and equipping of a new multi-building municipal services facility. Series 2024 Revenue Note was issued on June 20, 2024 for an initial principal amount of \$5,000,000. In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due.
- Leases Payable – The City is the lessee of a right-to-use fleet of copiers and is required to make monthly principal and interest payments of \$1,068 with a maturity in February 2025. The lease agreement does not have an explicit interest rate and the City utilized an estimated incremental borrowing rate of 6% to determine the lease liability. The book value of this right-to-use asset at the end of the current fiscal year is \$4,816 and has an original five-year estimated useful life.

**Notes to Long-Term Obligations Table** (continued...)

- Subscriptions Payable – The City is party to a subscription-based information technology arrangement and is required to make annual principal and interest payments with a maturity in October 2028. The arrangement does not have an explicit interest rate and the City utilized an estimated incremental borrowing rate of 9% to determine the subscription liability.

**Business-Type Activities:**

- The Water and Wastewater System Revenue Bonds, Series 2015 were issued to refund the Water and Wastewater System Revenue Bond Anticipation Note, Series 2013 and are held by the USDA Rural Utilities Service. The original principal amount of \$3,685,000 was used for financing the acquisition, construction and erecting of extensions and improvements to the water and wastewater system. The Series 2015 bonds are secured by the net revenues of the water and sewer system and bear interest at 3.0% with a final maturity of September 1, 2054.

In the event of default, the bond holder has the right to take whatever action necessary to collect the amounts due and may, at their option, declare the outstanding principal and accrued interest to be due and payable immediately and may take possession of the water and wastewater system to repair, maintain, operate or rent the facilities as may be necessary to cure the default.

- The Revenue Refunding Note, Series 2013 was issued to refinance the Revenue Refunding Note, Series 2006. The purpose of the refinancing was to take advantage of a lower interest rate. The Revenue Refunding Note, Series 2013 are secured by the net revenues of the water and sewer system. The note bore interest at 3.44% and matured on May 1, 2024.
- The State of Florida Department of Environmental Protection (FDEP) Revolving Fund Water Loan Agreement WW770050 (the “WW770050 installment note to FDEP”) is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on August 15 and February 15. The original loan amount of \$646,701 was awarded on June 13, 2008 and was amended during 2011, 2012, and 2013 to provide a total of \$5,030,095. The loan bears interest at a weighted average rate of 2.55% with a final maturity of August 15, 2032. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to upgrade and expand the City’s wastewater treatment facilities.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW531200 (the “DW531200 installment note to FDEP) is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The loan bears interest at a rate of 2.0% with a final maturity in 2040. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used for water distribution projects.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement WW770060 (the “WW770060 installment note to FDEP) is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on July 15 and January 15. The loan bears interest at a rate of 2.24% with a final maturity in 2036. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used for planning and design activities for construction of wastewater transmission, collection, reuse and treatment facilities.

**Notes to Long-Term Obligations Table** (continued...)

**Business-Type Activities:** (concluded)

- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement WW770063 (the “WW770063 installment note to FDEP) is secured by the net revenues of the water and sewer system. The total amount of the loan is \$4,628,856 and included a grant to forgive 80% of the principal which was applied to the loan during 2022 in the amount of \$3,703,085. The loan is payable semiannually with principal and interest payments due on June 15 and December 15. The loan bears interest at a rate of 0.0% with a final maturity in 2059. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds were used to fund a sanitary sewer rehabilitation project.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW531210 (the “DW531210 installment note to FDEP) is secured by the net revenues of the water and sewer system. The loan is payable semiannually with principal and interest payments due on March 15 and September 15. The loan bears interest at a rate of 0.64% with a final maturity in 2040. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds totaling \$231,648 were used for sewer system improvements design costs including a wastewater treatment facility headworks system and pump station improvements.
- The State of Florida Department of Environmental Protection Revolving Fund Water Loan Agreement DW531211 (the “DW531211 installment note to FDEP) is secured by the net revenues of the water and sewer system. The loan amount was established in two tranches, the first being \$3,734,700 and the second being \$1,189,950 for a total of \$4,924,650. The first tranche includes a principal forgiveness grant of 80% (\$2,987,760) of the original tranche loan amount. The principal forgiveness grant is being applied toward the principal of the loan as draws are made. As of September 30, 2024, \$3,760,340 has been drawn on this loan and \$2,987,760 principal forgiveness grant has been applied to the amount drawn for an obligation balance of \$772,580 at year-end. The loan is payable semiannually with principal and interest payments due on February 15 and August 15 commencing on February 15, 2025. The loan bears interest at a rate of 0.0% with a final maturity in 2044. The loan agreement requires that funds be deposited into a sinking fund monthly at amounts which will fully fund the next succeeding principal and interest payments when due. The loan proceeds are being used for sewer system improvements including a wastewater treatment facility headworks system and pump station improvements.

The State of Florida Department of Environmental Protection Revolving Fund loans above all contain provisions that in the In the event of default and subject to the rights of superior liens on the pledged revenues, the lender may request a court to appoint a receiver to management the water and sewer systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors, sue for payment of amounts due and may accelerate the repayment schedule or increase the interest rate on the unpaid principal on the loan to as much as 1.667 times the loan interest rate.

**Notes to Long-Term Obligations Table** (concluded)

**Maturities:** Annual requirements to repay all bonds and notes payable as of September 30, 2024, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 395,000	\$ 652,929	\$ 238,931	\$ 121,477
2026	5,395,000	433,579	321,076	116,780
2027	395,000	361,061	350,219	111,958
2028	395,000	340,627	355,170	107,007
2029	395,000	321,037	360,251	101,927
2030-2034	1,076,066	1,334,569	1,534,110	432,823
2035-2039	2,750,000	431,917	883,262	342,839
2040-2044	-	-	670,887	260,944
2045-2049	-	-	647,254	171,921
2050-2054	-	-	750,158	68,830
<b>Total</b>	<b>\$ 10,801,066</b>	<b>\$ 3,875,719</b>	<b>\$ 6,111,318</b>	<b>\$ 1,836,506</b>

**Maturities:** Annual requirements to repay all leases payable as of September 30, 2024, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 5,258	\$ 79
<b>Total</b>	<b>\$ 5,258</b>	<b>\$ 79</b>

**Maturities:** Annual requirements to repay all subscriptions payable as of September 30, 2024, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 22,395	\$ 466
2026	16,251	7,753
2027	18,976	6,228
2028	22,017	4,448
2029	25,405	2,383
<b>Total</b>	<b>\$ 105,044</b>	<b>\$ 21,278</b>

**Pledged Revenues:**

The City has pledged various future revenue sources for various debt issues. For the water and sewer system, the City has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues.

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Water and sewer net revenues	9/1/2054	\$ 7,947,824	\$ 617,210	\$ 1,341,587	217.36%

**NOTE 8 – INTERFUND TRANSACTIONS**

Interfund receivables represent expenditures paid by those funds on behalf of another fund that were not repaid until after year end. Interfund receivables and payables as of September 30, 2024 consisted of:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise Fund	General Fund	\$ 48,707

Interfund transfers for the year ended September 30, 2024 consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 850,000
Community Redevelopment Fund	General Fund	4,500,000

The transfer from the enterprise fund to the general fund is a budgeted annual operating transfer to finance services accounted for in the general fund. The transfer from the general fund to the community redevelopment fund is to move loan proceeds for a community redevelopment project funded by the loan proceeds that will be accounted for in the community redevelopment special revenue fund.

**NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN**

The City Commission has established by Ordinance 3.95, an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan. The plan trust is administered by the Florida League of Cities and the assets of the plans are not considered part of the City’s reporting entity. All employees of the City who have been employed by the City for at least one year and who have worked at least 1,000 hours are eligible to participate. Participation is voluntary and the employee determines the amount of their contribution.

The City makes a non-elective contribution as a percentage of eligible compensation. The non-elective contribution rate is 29% for the City Manager, 18% for each Department Director and 11% for all other full-time City employees. The non-elective contribution is made regardless of employee contributions.

The City also matches employee contributions, dollar for dollar, up to a certain percentage of eligible compensation. The matching contribution percentage rate is ten percent for the City Manager, eight percent for each Department Director and five percent for all other full-time employees.

Employees with five or more years of service to the City are fully vested in the plan. Pension costs are accrued and funded on a current basis and all required contributions for the year were made. Contributions for the fiscal year ended September 30, 2024 totaled \$540,900 which consisted of \$123,241 contributed by employees and \$417,659 contributed by the City.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

The City follows GASB Cod. Sec. P50 for certain post-employment health care and dental benefits provided by the City.

Plan Description – The City has established a single employer post-retirement health plan. The City under authority established within the Plan document, may amend or terminate the Plan in whole or in part. The City Commission provides oversight of the OPEB Plan. The Plan is constructed and governed by the laws of the State of Florida except as preempted by Federal law. The City Commission voted to amend the Plan effective in fiscal year 2011. The City provides optional fully-insured health insurance to full-time employees who retire under the City’s pension plan. The OPEB does not issue a standalone financial statement.

The City provides fully subsidized retiree health insurance to former employees who were hired prior to May 16, 2006 and their spouses, unless the retiree or spouse is eligible for coverage due to subsequent employment or the spouse remarries after the retiree’s death. Alternatively, the City provides a 50% subsidy toward the health insurance premium for single coverage for employees who are age 60 or older and retire with at least 20 years of service (10 years with respect to certain employment contracts) and this partial subsidy is discontinued upon the attainment of Medicare eligibility. All other retirees contribute an amount based on the average cost of providing the benefit to the group. Participants totaled 6 retirees and 39 active employees as part of the September 30, 2023 actuarial valuation.

The City subsidizes the premium rates paid by the retirees not hired before May 16, 2006 by allowing them to participate in the plan at the blended group premium rates (implicit subsidized) for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Funding Policy – Currently, the City’s OPEB benefits are unfunded. There is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Therefore, the ultimate subsidies which are provided over time are financed directly by the assets of the City, which are invested in qualified public depositories. For the fiscal year ended September 30, 2024, the City provided contributions of \$25,025 toward the annual OPEB cost which is comprised of benefit payments made on behalf of retirees. Retirees do not make contributions to the plan.

Basis of Accounting – The OPEB is recorded in the government-wide financial statements, and the enterprise fund only on the accrual basis of accounting.

OPEB Expense– For the year ended September 30, 2024, the City recognized OPEB expense of \$54,727.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS** (continued...)

*Total OPEB Liability* – The City’s total OPEB liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023 updated to September 30, 2024, the measurement date. The actuarial assumptions used in the September 30, 2023 valuation were as follows:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	4.06%
Initial Trend Rate	7.00% for 2024
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	51

Mortality rates were based on the PubG-2010 mortality tables which include fully generational adjustments for mortality improvements under gender-specific improvement scale MP-2021.

The discount rate used to discount all future benefit payments is 4.06% per annum and is based on the return of the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

*Changes in the Total OPEB Liability:*

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2023</b>	\$ 1,649,642
<b>Changes for the year:</b>	
Service cost	116,657
Interest	78,850
Changes of assumptions	100,272
Differences between expected and actual experience	(116,228)
Benefit payments	(62,690)
<b>Net changes</b>	<b>116,861</b>
<b>Reporting period ending September 30, 2024</b>	<b>\$ 1,766,503</b>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following table presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	<b>1% Decrease (3.06%)</b>	<b>Discount Rate (4.06%)</b>	<b>1% Increase (5.06%)</b>
Total other postemployment benefits liability	\$ 2,187,919	\$ 1,766,503	\$ 1,449,981

**NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS** (concluded)

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following table presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>(3.00% to 6.50%)</u>	<u>Discount Rate</u> <u>(4.00% to 7.00%)</u>	<u>1% Increase</u> <u>(5.00% to 8.00%)</u>
Total other postemployment benefits liability	\$ 1,399,895	\$ 1,766,503	\$ 2,293,587

*Deferred Outflows and Inflows of Resources* - On September 30, 2024, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Change in assumptions	\$ 184,048	\$ 613,202
Differences between expected and actual experience	61,646	546,337
Total	<u>\$ 245,694</u>	<u>\$ 1,159,539</u>

*Amortization of Deferred Outflows of Resources* - Amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2025	\$ (145,530)
2026	(145,536)
2027	(220,493)
2028	(196,491)
2029	(196,826)
Thereafter	(8,969)
	<u>\$ (913,845)</u>

**NOTE 11 – SEGMENT INFORMATION FOR ENTERPRISE FUND**

The City has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with sanitation and stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivables, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the enterprise fund as of and for the year ended September 30, 2024, is presented below:

	Water & Sewer System	Sanitation System	Stormwater Management System	Total
<b>Condensed statement of revenue, expenses and changes in net position:</b>				
Operating revenues	\$ 3,000,409	\$ 1,368,810	\$ 306,206	\$ 4,675,425
Personnel services	(679,339)	-	(229,622)	(908,961)
Operating expenses	(926,475)	(1,235,164)	(51,541)	(2,213,180)
Depreciation expense	(857,737)	-	(10,982)	(868,719)
Nonoperating expenses				
Interest expense	(130,282)	-	-	(130,282)
Other nonoperating	9,380	-	-	9,380
Capacity fees	619,730	-	-	619,730
Capital grants	2,960,857	-	-	2,960,857
Interfund transfer	(637,500)	(106,250)	(106,250)	(850,000)
Change in net position	<u>\$ 3,359,043</u>	<u>\$ 27,396</u>	<u>\$ (92,189)</u>	<u>\$ 3,294,250</u>
<b>Summary information from statement of net position:</b>				
Capital assets, net	<u>\$ 19,728,997</u>	<u>\$ -</u>	<u>\$ 85,624</u>	<u>\$ 19,814,621</u>
Long-term debt, including current portion	<u>\$ 6,111,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,111,318</u>

**NOTE 12 - RISK MANAGEMENT AND LITIGATION**

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. There have been no significant reductions in coverage nor have settlement amounts exceeded the City’s coverage during the year ended September 30, 2024 or the previous two fiscal years. In the opinion of the City’s management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the City. The City’s workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

The City participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor government/agency. As of September 30, 2024, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

The City is under contract with the Polk County Sheriff’s Office to provide law enforcement services to the City through the year ended September 30, 2024. The City is required to provide the Sheriff with adequate office space at the City’s expense and the contract can be terminated by either party upon 365 days written notice. The City paid \$1,350,086 for the year ended September 30, 2024. The contract calls for the following minimum costs going forward:

Fiscal Year Ending September 30,	Annual Cost
2025	\$ 1,300,830

**NOTE 14 – JOINT VENTURE**

**Background** - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Mulberry, City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

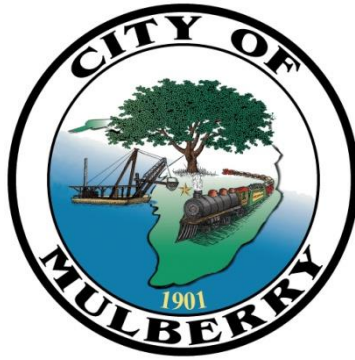
**NOTE 14 – JOINT VENTURE** (concluded)

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

**Membership fees** - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2024, the total administrative budget of the PRWC was \$260,078 of which the City's proportionate share was \$1,456.

**Combined projects background** - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments. The City's required contribution for the combined projects totaled \$89,052 and was paid to the PRWC in a prior year. The PRWC Board has selected two of the three projects for further design and construction. The member governments were given the option to be a participating member or an associate member, the difference being that an associate member can attend meetings but does not have a voting position on the individual project board nor does the associate member have any financial obligations for further design or construction costs. The City has elected to be an associate member for both of the selected projects.

**Contact** - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MULBERRY, FLORIDA**  
 Budgetary Comparison Schedule – General Fund  
 for the year ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>RESOURCES (inflows):</b>				
Taxes	\$ 3,121,547	\$ 3,326,147	\$ 3,319,819	\$ (6,328)
Licenses and permits	840,279	840,279	508,423	(331,856)
Intergovernmental revenue	521,156	521,156	568,357	47,201
Charges for services	246,793	246,793	234,109	(12,684)
Fines and forfeitures	33,000	117,000	122,245	5,245
Interfund transfer in	1,183,000	1,183,000	850,000	(333,000)
Debt proceeds	-	431,000	9,500,000	9,069,000
Subscriptions issued	-	-	105,351	105,351
Other	91,350	129,734	130,271	537
Total resources	<u>6,037,125</u>	<u>6,795,109</u>	<u>15,338,575</u>	<u>8,543,466</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
General government	1,821,958	1,928,080	1,808,032	120,048
Public safety	1,893,448	1,923,448	1,791,305	132,143
Maintenance	689,229	823,229	774,638	48,591
Culture/recreation	1,020,495	1,184,015	1,051,539	132,476
Capital outlay	217,624	1,516,624	1,567,068	(50,444)
Debt service	-	84,000	136,701	(52,701)
Total charges to appropriations	<u>5,642,754</u>	<u>7,459,396</u>	<u>7,129,283</u>	<u>330,113</u>
<b>EXCESS (DEFICIENCY) OF RESOURCES</b>				
<b>OVER CHARGES TO APPROPRIATIONS</b>	<u>\$ 394,371</u>	<u>\$ (664,287)</u>	<u>\$ 8,209,292</u>	<u>\$ 8,873,579</u>

**CITY OF MULBERRY, FLORIDA**

Notes to Budgetary Comparison Schedule – General Fund  
for the year ended September 30, 2024

**NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

Total resources of the budgetary comparison schedule – general fund differ from total revenue of the statement of revenues, expenditures and changes in fund balance on page 17 due to budgetary inflows (resources) representing interfund transfers from the enterprise fund are reported as an “other financing source” on the statement of revenue, expenditures and changes in fund balance.

The interfund transfer out to the community redevelopment agency as reported on the statement of revenues, expenditures and changes in fund balance on page 17 is not included above as the issuance of the Series 2023 Revenue Note in the amount of \$4,500,000 was budgeted solely in the community redevelopment agency but under GAAP had to be reported in the general fund whose resources were then transferred to the community redevelopment special revenue fund to undertake redevelopment projects with those funds. As a result of this difference between the budgetary perspective and the GAAP basis, the interfund transfer out is not shown on the above budgetary comparison schedule.

The City has allocated costs to the CRA which are reported as expenses/expenditures of the CRA in the statement of revenues, expenditures and changes in fund balance on page 17 but were budgeted as an interfund transfer in the City’s budget and as such, the interfund transfers and expenditures/charges to appropriation differ in the budgetary comparison schedule as follows:

	Statement of Revenues, Expenditures and Changes in Fund Balance	Budgetary Presentation Adjustment	Budgetary Comparison Schedule
Resources:			
Interfund transfers in	\$ 850,000	\$ 240,838	\$ 1,090,838
Expenditures/ Charges to Appropriations:			
General government	\$ 1,808,032	\$ 105,181	\$ 1,913,213
Public safety	1,791,305	37,486	1,828,791
Maintenance	774,638	45,116	819,754
Culture/recreation	1,051,539	53,055	1,104,594
Capital outlay	1,567,068	-	1,567,068
Debt service	136,701	-	136,701
Total	<u>\$ 7,129,283</u>	<u>\$ 240,838</u>	<u>\$ 7,370,121</u>

**CITY OF MULBERRY, FLORIDA**

Budgetary Comparison Schedule – Community Redevelopment Agency Special Revenue Fund  
for the year ended September 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Favorable (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 1,363,098	\$ 1,363,098	\$ 1,355,416	\$ (7,682)
Total revenue	1,363,098	1,363,098	1,355,416	(7,682)
<b>EXPENDITURES:</b>				
Economic environment	297,500	297,500	113,224	184,276
Capital outlay	3,500,000	3,500,000	3,272,222	227,778
Debt service	630,285	630,285	320,119	310,166
Total expenditures	4,427,785	4,427,785	3,705,565	722,220
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(3,064,687)	(3,064,687)	(2,350,149)	714,538
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,500,000	3,500,000	4,500,000	1,000,000
Transfers out	(333,000)	(333,000)	(333,000)	-
Total other financing sources (uses)	3,167,000	3,167,000	4,167,000	1,000,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 102,313</b>	<b>\$ 102,313</b>	<b>\$ 1,816,851</b>	<b>\$ 1,714,538</b>

**NOTES TO BUDGETARY COMPARISON SCHEDULE – COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND**

The City has allocated costs to the CRA which are reported as expenses/expenditures of the CRA in the statement of revenues, expenditures and changes in fund balance on page 17 but were budgeted as an interfund transfer in the City’s budget and as such, the interfund transfers and expenditures/charges to appropriation differ in the budgetary comparison schedule as follows:

	Statement of Revenues, Expenditures and Changes in Fund Balance	Budgetary Presentation Adjustment	Budgetary Comparison Schedule
Expenditures/ Charges to Appropriations:			
Economic environment	\$ 446,224	\$ (333,000)	\$ 113,224
Capital outlay	3,272,222	-	3,272,222
Debt service	320,119	-	320,119
Total	\$ 4,038,565	\$ (333,000)	\$ 3,705,565
Other Financials Sources (Uses):			
Transfers out	\$ -	\$ (333,000)	\$ (333,000)

**CITY OF MULBERRY, FLORIDA**

**Schedule of Changes in the Total OPEB Liability and Related Ratios**

Measurement date	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Reporting period ending	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB Liability</b>							
Service cost	\$ 116,657	\$ 95,173	\$ 166,978	\$ 240,930	\$ 164,436	\$ 117,181	\$ 115,772
Interest	78,850	77,181	56,431	64,882	88,287	74,070	71,160
Change in assumptions	100,272	(29,201)	(822,382)	(180,401)	308,990	19,243	-
Differences between expected and actual experience	(116,228)	-	(708,835)	-	215,766	-	-
Benefit payments	(62,690)	(32,399)	(34,619)	(69,655)	(74,997)	(77,776)	(70,832)
Net change in total pension liability	116,861	110,754	(1,342,427)	55,756	702,482	132,718	116,100
Total OPEB liability, beginning	1,649,642	1,538,888	2,881,315	2,825,559	2,123,077	1,990,359	1,874,259
Total OPEB liability, ending	<u>\$ 1,766,503</u>	<u>\$ 1,649,642</u>	<u>\$ 1,538,888</u>	<u>\$ 2,881,315</u>	<u>\$ 2,825,559</u>	<u>\$ 2,123,077</u>	<u>\$ 1,990,359</u>
Covered payroll	\$ 1,994,977	\$ 1,619,826	\$ 1,572,646	\$ 1,705,048	\$ 1,655,386	\$ 1,316,183	\$ 1,316,183
Total OPEB liability as a percentage of covered-employee payroll	88.55%	101.84%	97.85%	168.99%	170.69%	161.31%	151.22%

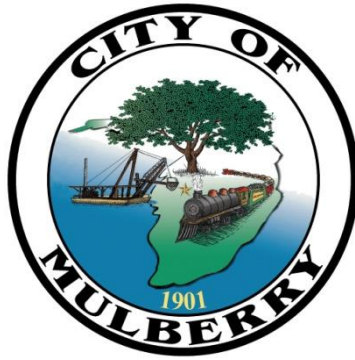
**Notes to Schedule:**

No assets are being accumulated in a trust to pay for plan benefits.

*Changes of Assumptions:* Changes of assumptions reflect the changes in the discount rate for each period. The following are the discount rates used for the fiscal years ending:

September 30, 2024:	4.06%
September 30, 2023:	4.87%
September 30, 2022:	4.77%
September 30, 2021:	2.43%
September 30, 2020:	2.14%
September 30, 2019:	3.58%
September 30, 2018:	3.64%

Additional years will be added to this schedule annually until 10 years' data is presented.



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## **OTHER REPORTS**



**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 Mulberry, 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, and each major fund of the City of Mulberry, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 14, 2025.

**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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Powell and Jones CPA**  
Lake City, Florida  
March 14, 2025



## Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### MANAGEMENT LETTER

To the Honorable Mayor  
And Members of the City Commission  
City of Mulberry, Florida

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the City of Mulberry, Florida (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 14, 2025.

#### AUDITOR'S RESPONSIBILITY

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

#### OTHER REPORTING REQUIREMENTS

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Controls 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 March 14, 2025, 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 financial audit report. There were no findings or recommendations identified in the preceding financial audit reports for the prior two years.

#### 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. The legal authority for the City is disclosed in Note (1) of the basic financial statements.

## **FINANCIAL CONDITION AND MANAGEMENT**

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

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

### **PROPERTY ASSESSED CLEAN ENERGY PROGRAM (PACE)**

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

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

### **SPECIAL DISTRICT COMPONENT UNITS**

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the City's Community Development Agency (CRA) reported the following unaudited data:

- a. The total number of CRA employees compensated in the last pay period of the district's fiscal year as -0-.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as one.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$-0-.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$44,220.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.

f. Budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amended a final adopted budget under Section 189.016(6) – See page 49 of this annual financial report.

#### **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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings

#### **PURPOSE OF THIS LETTER**

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

A handwritten signature in cursive script that reads "Powell & Jones".

Powell and Jones CPA  
Lake City Florida  
March 14, 2025



## **Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

### **INDEPENDENT ACCOUNTANT'S REPORT**

To the Honorable Mayor  
And Members of the City Commission  
City of Mulberry, Florida

We have examined the City of Mulberry, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. We have also examined the City's compliance with Sections 163.387(6) and (7), Florida Statutes during the year ended September 30, 2024. 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 year ended September 30, 2024.

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

**Powell and Jones CPA**  
Lake City, Florida  
March 14, 2025



## **Powell and Jones CPA**

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor  
And Members of the City Commission  
City of Mulberry, Florida

### **Report on Compliance for Each Major State Project**

#### *Opinion on Each Major State Project*

We have audited the City of Mulberry, Florida's (the City) compliance with the types of compliance requirements in the State of Florida, Department of Financial Services State Projects Compliance and Supplement that could have a direct and material effect on the City's major state project for the year ended September 30, 2024. The City's major state project is 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 its major state project for the year ended September 30, 2024.

#### *Basis for Opinion on Each Major State Project*

We conducted our audit of compliance in accordance with the 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 State of Florida, Office of the Auditor General. Our responsibilities under those standards 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 the City's major state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's 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 in accordance with the 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 State of Florida, Office of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 state project as a whole.

In performing an audit in accordance with the 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 State of Florida, Office of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

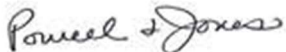
*Report on Internal Control over Compliance*

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

Pursuant to Chapter 119, *Florida Statutes*, this report is a public record, and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the City's management, State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**POWELL & JONES CPA**  
Lake City, Florida  
March 14, 2025

**CITY OF MULBERRY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended September 30, 2024**

**Financial Statement**

Type of auditor report on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal Control over financial reporting:  
 Material weaknesses identified? No  
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

**State Projects**

Internal control over major State projects:  
 Material weaknesses identified? No  
 Significant deficiencies identified? None reported

Type of report issued on compliance for major State projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Auditor General*? No

Identification of major State projects:

<u>State Project</u>	<u>CFSA No.</u>
Wastewater Treatment Facility Construction	37.077

Dollar threshold used to distinguish between Type A and Type B State projects: \$750,000

Findings and Questioned Costs: None

Other issues: None

Summary Schedule of Prior Audit Findings: There were no audit findings in the prior year related to State projects.

**CITY OF MULBERRY, FLORIDA**

Schedule of Expenditures of State Financial Assistance  
 For the year ended September 30, 2024

	<u>CSFA#</u>	<u>Contract/Grant Number</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>
<b>Florida Department of Environmental Protection</b>				
Direct programs:				
Wastewater Treatment Facility Construction				
Major Sewer Rehabilitation I/I - Loan proceeds	37.077	WW770063	\$ 3,644,479	\$ 3,644,479
Small Community Wastewater Facility Grant				
Major Sewer Rehabilitation I/I - Principal Forgiveness	37.075	SG770064	2,895,071	<u>2,895,071</u>
Total Florida Department of Environmental Protection				<u>6,539,550</u>
Total Expenditures of State Financial Assistance				<u>\$ 6,539,550</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

**NOTE A – BASIS OF PRESENTATION:** The accompanying Schedule of Expenditures of State Financial Assistance presents the State of Florida grant and loan activity of the City of Mulberry, Florida in accordance with the requirements of Chapter 69I-5, Rules of the Florida Department of Financial Services, *Schedule of Expenditures of State Financial Assistance*, Rules of the Florida Department of Financial Services; and Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – BASIS OF ACCOUNTING:** The expenditures in the accompanying Schedule of Expenditures of State Financial Assistance are presented using the accrual basis of accounting.

**NOTE C – CONTINGENCY:** Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such reviews may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the City does not believe that such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2024, there were no material questioned or disallowed costs as a result of grant or loan reviews in process or completed.

**NOTE D – TOTAL EXPENDITURES:** Total expenditures for CFSA# 37.077 as reported above represent the loan draws on the City’s WW770063 installment note to the Florida Department of Environmental Protection (FDEP) and the related principal forgiveness of those same loan draws pursuant to Grant Agreement SG770064 are reported under CFSA# 37.075. As part of the Clean Water State Revolving Fund (SRF) Construction Loan Agreement WW 770063 and Grant Agreement SG770064, the City was awarded \$4,687,500 in SRF loan funding for a major sewer rehabilitation project for which loan proceeds are being used to fund project costs. The grant agreement provided for \$3,750,000 of principal forgiveness applied as loan draws are disbursed.