

CITY OF PALATKA, FLORIDA

**Annual Financial Report
For the Year Ended September 30, 2024**

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List of Elected and Appointed Officials

Robbi Correa, Mayor

Tammie McCaskill, Commissioner

Justin Campbell, Commissioner

Will Jones, Commissioner

Rufus Borom, Commissioner

Jonathan Griffith
Interim City Manager

Sunni Krantz
City Clerk

Marcia Carty, CPA
Finance Director

Peter Willott
Public Information Officer/Project Manager

INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discreetly presented component unit of the City of Palatka, Florida (the "City") as of and for the fiscal 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discreetly presented component unit of the City of Palatka, Florida, as of September 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

West Palm Beach
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Miami
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Hollywood
Phone (954) 966-4435

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, pension schedules, and OPEB schedule on pages 5–17 and 18–28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 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 the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City’s internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 26, 2025

City of Palatka, Florida
Management's Discussion and Analysis
September 30, 2024

As management of the City of Palatka, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

Financial Highlights

- The net position of the City at the close of the fiscal year was \$91,709,200. The total unrestricted net position of the City ended the fiscal year at a positive \$14,724,307.
- The City's total net position increased by \$8,995,775. Governmental net position increased by \$1,968,249 or 6.00% and the Enterprise funds net position increased by \$7,027,532 or 11.93%.
- The total net position of each Enterprise fund was: Water \$34,188,916, Sanitation \$4,116,461, Golf Course \$1,126,933, and Airport \$19,466,128.
- As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$10,669,109, an increase of \$1,218,142 or 11.42%.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$6,060,677 or 39.75% of total General Fund expenditures. Downtown Redevelopment Agency fund balance was \$2,499,308. Better Place Plan fund balance was \$1,204,190. Special Revenues fund balance was a deficit of (\$4,881).
- Net positions of the General, Police Officers', and Firefighters' Pension Trust Funds changed are \$22,693,463, \$13,853,538, and \$11,100,014 respectively.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

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

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

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

Proprietary Funds

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

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

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

Fiduciary Funds

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-66 of this report.

City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary comparisons and the City's net liabilities, contributions and investment returns relating to its pension plans and the City's total liability for other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 73-84 of this report.

Supplementary information can be found beginning on page 85 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,709,200 at the close of the most recent fiscal year. There were deferred outflows of resources of \$4,656,183 and deferred inflows of resources of \$441,121.

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

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City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

City of Palatka
Summary of Net Position
September 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 12,983,723	\$ 12,390,487	\$ 14,192,516	\$ 10,137,995	27,176,239	22,528,482
Capital assets	27,760,611	27,256,708	68,204,935	61,597,147	95,965,546	88,853,855
Total assets	40,744,334	39,647,195	82,397,451	71,735,142	123,141,785	111,382,337
Deferred outflows of resources:						
Pension related items	2,048,215	1,513,587	655,101	825,545	2,703,316	2,339,132
OPEB related items	34,196	34,196	18,592	18,651	52,788	52,847
Debt Retirement	1,900,079	-	-	-	1,900,079	-
Total deferred outflows of resources	3,982,490	1,547,783	673,693	844,196	4,656,183	2,391,979
Total assets and deferred outflows of resources	\$ 44,726,824	\$ 41,194,978	\$ 83,071,144	\$ 72,579,338	\$ 127,797,968	\$ 113,774,316
Liabilities:						
Current and other liabilities	2,314,615	694,461	1,694,433	876,504	4,009,048	1,570,965
Long-term liabilities outstanding	9,296,229	7,302,270	22,342,370	16,813,378	31,638,599	24,115,648
Total liabilities	11,610,844	7,996,731	24,036,803	17,689,882	35,647,647	25,686,613
Deferred inflows of resources:						
Pension related items	194,543	-	62,222	-	256,765	-
OPEB related items	110,675	110,675	60,175	60,364	170,850	171,039
Other items	-	2,245,059	13,506	2,958,186	13,506	5,203,245
Total deferred inflows of resources	305,218	2,355,734	135,903	3,018,550	441,121	5,374,284
Net position:						
Invested in capital assets	25,054,992	26,147,986	47,862,365	47,836,865	72,917,357	73,984,851
Restricted items	4,059,441	3,286,133	8,095	8,095	4,067,536	3,294,228
Unrestricted	3,696,329	1,408,394	11,027,978	4,025,946	14,724,307	5,434,340
Total net position	32,810,762	30,842,513	58,898,438	51,870,906	91,709,200	82,713,419
Total liabilities and deferred inflows of resources and net position	44,726,824	41,194,978	83,071,144	72,579,338	127,797,968	113,774,316

An additional portion of the City's net position \$4,067,536 or 4.43% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a positive amount of \$14,724,307.

Change in Net Position

The City's total net position increased \$8,995,781 over the previous year as a result of an increase of \$1,968,249 from governmental activities and an increase of \$7,027,532 from business-type activities.

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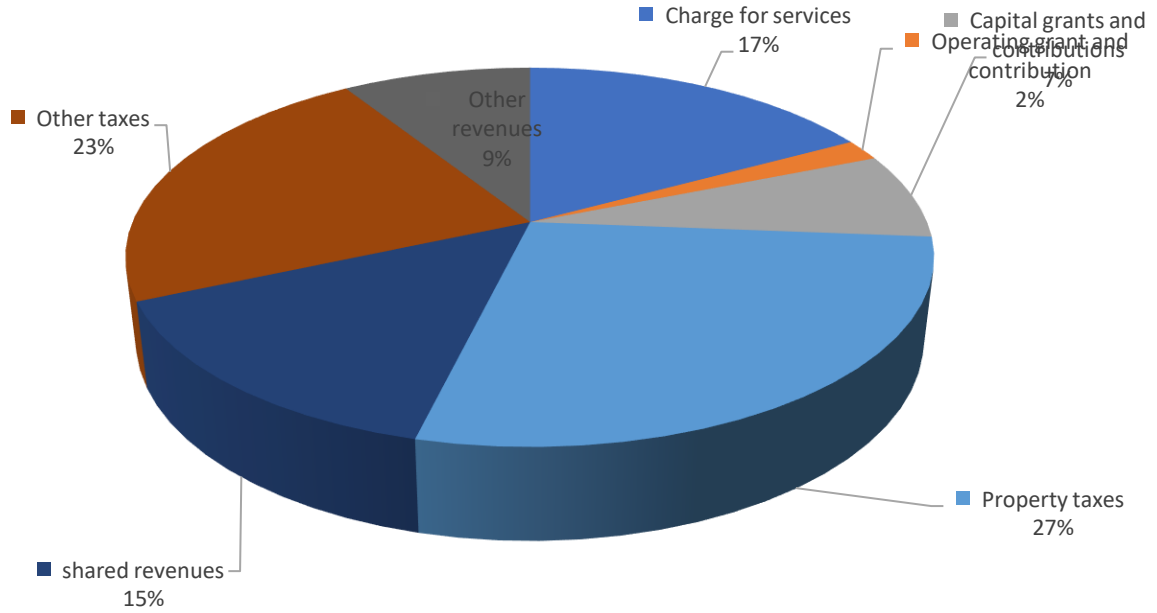
City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

City of Palatka
Changes in Net Position
For the Years Ended September 30, 2024 and 2023

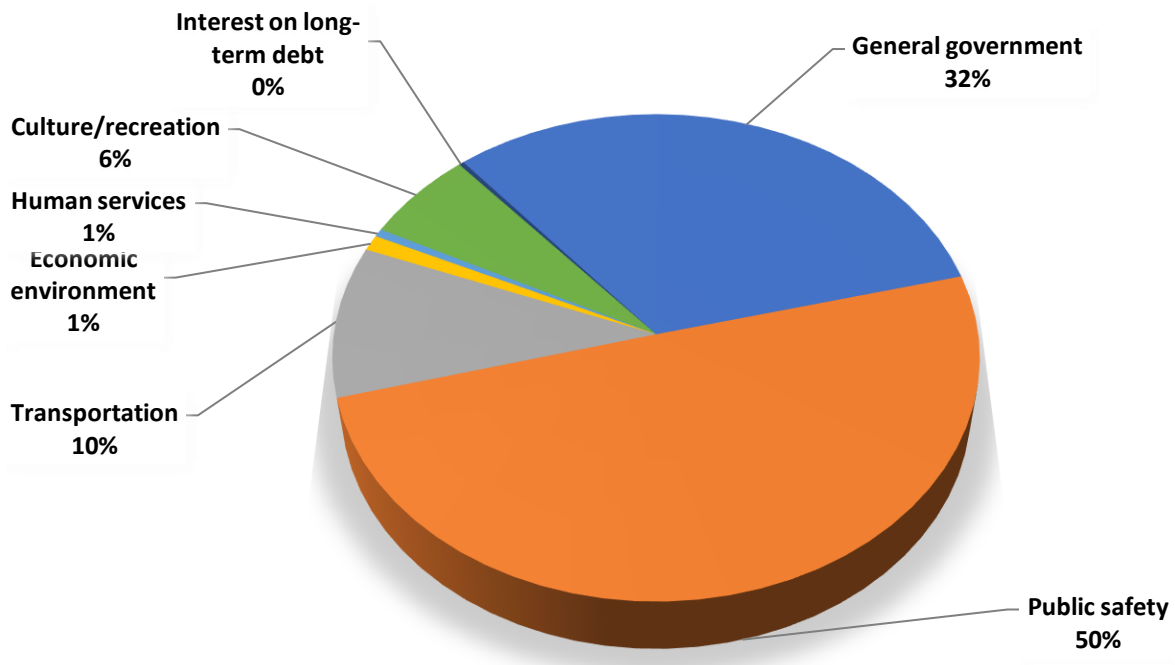
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charge for services	\$ 2,914,330	\$ 2,101,883	\$ 13,375,495	\$ 12,458,390	\$ 16,289,825	\$ 14,560,273
Operating grant and contribution	309,758	452,845	-	-	309,758	452,845
Capital grants and contributions	1,248,831	5,688,804	6,833,757	5,739,371	8,082,588	11,428,175
General revenues:						
Property taxes	4,697,289	3,917,898	-	-	4,697,289	3,917,898
Sales taxes and other unrestricted shared revenues	2,488,654	2,662,531	-	-	2,488,654	2,662,531
Other taxes	3,847,952	3,544,089	-	-	3,847,952	3,544,089
Other revenues	1,535,329	583,034	504,870	14,959	2,040,199	597,993
Total revenues	<u>17,042,143</u>	<u>18,951,084</u>	<u>20,714,122</u>	<u>18,212,720</u>	<u>37,756,265</u>	<u>37,163,804</u>
Program expenses:						
General government	5,448,899	7,408,215	-	-	5,448,899	7,408,215
Public safety	8,439,505	6,259,573	-	-	8,439,505	6,259,573
Physical environment	-	-	-	-	-	-
Transportation	1,706,442	1,184,726	-	-	1,706,442	1,184,726
Economic environment	175,517	78,619	-	-	175,517	78,619
Human services	88,888	80,922	-	-	88,888	80,922
Culture/recreation	1,040,210	965,895	-	-	1,040,210	965,895
Interest on long-term debt	45,521	35,049	-	-	45,521	35,049
Water	-	-	6,419,554	7,079,640	6,419,554	7,079,640
Sanitation	-	-	2,704,834	2,466,360	2,704,834	2,466,360
Golf course	-	-	244,558	443,201	244,558	443,201
Airport	-	-	1,983,167	2,156,530	1,983,167	2,156,530
Total expenses	<u>16,944,982</u>	<u>16,012,999</u>	<u>11,352,113</u>	<u>12,145,731</u>	<u>28,297,095</u>	<u>28,158,730</u>
Increase (decrease) in net assets before transfer in (out)	97,161	2,938,085	9,362,009	6,066,989	9,459,170	9,005,074
Miscellaneous			214,557			
Transfer in/(out)	1,871,088	690,428	(1,871,088)	(690,428)	-	-
Increase (decrease) in net position	1,968,249	3,628,513	7,705,478	5,376,561	9,459,170	9,005,074
Net position at beginning of year	30,842,513	27,032,496	51,870,906	46,150,342	82,713,419	73,182,838
Prior Period Adjustment	-	181,504	(677,952)	344,003	(677,952)	525,507
Net position at beginning of year, restated	30,842,513	27,214,000	51,192,954	46,494,345	82,035,467	73,708,345
Net position at end of year	<u>\$ 32,810,762</u>	<u>\$ 30,842,513</u>	<u>\$ 58,898,432</u>	<u>\$ 51,870,906</u>	<u>\$ 91,494,637</u>	<u>\$ 82,713,419</u>

City of Palatka, Florida
 Management's Discussion and Analysis (Continued)
 September 30, 2024

**Revenues by Source - Governmental Activities
 For the Year Ended September 30, 2024**



**Expenses by Funtion - Governmental Activities
 For the Year Ended September 30, 2024**



City of Palatka, Florida
Management’s Discussion and Analysis (Continued)
September 30, 2024

Business-type Activities

Business-type activities increased the City’s net position by \$7,027,532. Key elements of this increase were as follows:

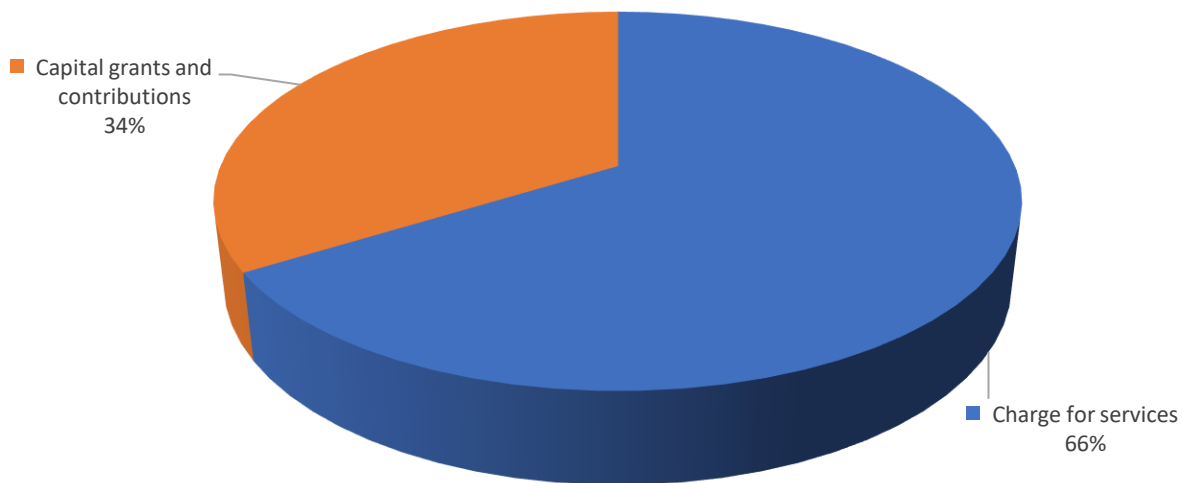
The Water fund had an operating income of \$2,631,953 in addition to net nonoperating expenses of (\$213,459) resulting in gain of \$2,418,494 before capital contributions and transfers. After capital contributions and transfers, the net position increased by \$6,084,066. The net position at the end of the fiscal year in the Water fund totaled \$34,188,916.

The Sanitation fund net position increased by \$1,094,373 due to operating income of \$864,351, the fund increased from the prior year. The net position at the end of the fiscal year in the Sanitation fund was \$4,116,461.

The Golf Course fund net position decreased by (\$68,750) due to transfers from the General Fund. The net position at the end of the fiscal year in the Golf Course fund was \$1,126,933.

The Airport fund received capital contributions of \$1,377,674 for various capital projects throughout the fiscal year. These funds were used for projects that included pavement, marking, and lighting rehabilitation of taxiways, taxi lanes, and runways. The operating loss for the Airport was \$1,113,558 which includes depreciation totaled \$967,576. That was partially offset by an increase of total nonoperating revenue, bringing the change in net position of the fund to \$595,789. The net position at the end of the fiscal year in the Airport fund totaled \$19,466,128.

**Revenues by Source - Business-type Activities
For the Year Ended September 30, 2024**



City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

Financial Analysis of the City's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,810,762, an increase of \$1,968,249 for the current year. This total includes net invested in capital asset, net of related debt of \$25,054,992, restricted net assets of \$4,059,441, and unrestricted of \$3,696,329 which is available for spending at the government's discretion.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year General fund balance was \$6,970,492, an increase of \$287,838, from the prior year.

Local tax revenues are the primary sources of the City's tax revenue and are a combination of property tax, franchise, utility, sales tax and local option gas taxes. Total taxes increased by \$909,377 from the prior year.

Ad valorem taxes, which were accounted for in the general and special revenue funds was 6.4000 mills, and generated \$3,877,867 which was an increase of \$659,011 from the prior year. The City is in its ninth year of implementing a special assessment for fire protection services that generated \$1,906,364 in revenues.

Total revenues for the General Fund increased by \$2,021,960 from the prior year. The General Fund had an increase of \$3,255,921 in expenditures. Unassigned fund balance in the General Fund increased was \$200,148 at year end or a change of 3.42% from the prior year.

Special Revenue Funds

The Downtown Redevelopment fund balance was \$2,499,308, an increase of \$756,435 from the prior year. This increase was the result of a taxes revenues of \$813,422.

The Better Place Plan fund ended the fiscal year with a balance of \$2,455,190, an increase of \$1,1283,485, from the prior year. This increase was due to an increase in grant revenues.

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

City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

Proprietary Funds

Proprietary funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis is financed through user charges. The City operates four proprietary enterprise funds: the Water, Golf Course Fund, Sanitation Fund, and Airport Fund. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As of September 30, 2024, total proprietary fund net position amounted to \$58,898,438.

Water Fund

The Water Fund accounts for operations of the City's water and sewer systems. Operating revenue increased by \$898,019 or 11.37% from the prior year. Operating expenses, however, decreased by a total of \$689,961 or 10.02%. Unrestricted net position at the end of the fiscal year for the water fund amounted to \$8,169,160.

Sanitation Fund

There was an increase in operating revenue of \$324,150 or 10.04% from the prior year. Expenses increased by \$228,010. Unrestricted net position for the sanitation fund equaled \$3,262,961.

Golf Course Fund

The City entered into a franchise agreement in February 2017 for operation of golf course. Operating revenues booked decreased by \$1,549 from the prior year. Operating expenses decreased by \$193,415 or 44.16%, exceeding operating revenues by (\$68,750). Unrestricted net position for the golf course fund equaled negative (\$37,658).

Airport Fund

Operating revenue decreased by \$303,515 and operating expenses decreased \$170,284 over the prior year. This resulted in a continued negative unrestricted net position balance of (\$259,451) at fiscal year-end.

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

General Fund Budgetary Highlights

A comparison of actual revenues versus the final budget reflects that actual revenues, excluding transfers, were \$1,388,938 more than budgeted, primarily composed of unbudgeted refunds from prior year health insurance claims paid and sale of surplus equipment. There were significant variances in actual versus final budget revenue and expenditures. The City had several unanticipated general fund revenues and general fund expenditures for the fiscal year.

City of Palatka, Florida
Management’s Discussion and Analysis (Continued)
September 30, 2024

Capital Asset and Debt Administration

**City of Palatka Capital Assets (Net of Depreciation)
September 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and Improvements	\$ 5,761,789	\$ 4,393,155	\$ 8,101,871	\$ 7,015,211	\$ 13,863,660	\$ 11,408,366
Buildings and Improvements	2,257,126	2,319,803	12,820,747	12,394,710	15,077,873	14,714,513
Infrastructure	14,570,286	13,186,401	-	-	14,570,286	13,186,401
Furniture and Equipment	2,315,021	1,677,391	3,838,400	2,184,249	6,153,421	3,861,640
Intangibles	-	-	-	-	-	-
Water/Sewer Distribution System	-	-	17,582,132	15,568,295	17,582,132	15,568,295
Plant Assets and Equipment	-	-	17,571,925	18,380,746	17,571,925	18,380,746
Construction in Progress	2,856,389	5,679,958	8,289,860	6,053,937	11,146,249	11,733,895
Total	\$ 27,760,611	\$ 27,256,708	\$ 68,204,935	\$ 61,597,147	\$ 95,965,546	\$ 88,853,856

Capital Assets

The capital assets of the governmental funds are those assets used in the performance of general governmental functions and exclude the assets of the Enterprise Funds. As of September 30, 2024, the governmental capital assets of the City amounted to \$27,760,611, net of depreciation. This was an increase of \$503,903 over the prior year. Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at estimated acquisition value at the date of contribution.

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2024, (net of accumulated depreciation) amounts to \$95,965,546. This investment in capital assets includes land, buildings, infrastructure, improvements, furniture, equipment, water and sewer distribution system and construction in progress. The total increase in the City’s net investment in capital assets was \$7,111,690.

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

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

City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

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

Long-term Debt

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

	City of Palatka Long-term Debt Obligations					
	For the Years Ended September 30, 2024 and 2023					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue Bonds	\$ -	\$ -	\$ 4,968,756	\$ 5,197,955	\$ 4,968,756	\$ 5,197,955
Notes Payable	2,096,863	202,898	15,031,642	7,852,422	17,128,505	8,055,320
Capital Lease Obligations	608,756	905,824	204,262	316,047	813,018	1,221,871
Water/Sewer Agreements	-	-	-	106,563	-	106,563
Total	\$ 2,705,619	\$ 1,108,722	\$ 20,204,660	\$ 13,472,987	\$ 22,910,279	\$ 14,581,709

The City's total long-term debt increased \$8,328,570, from the prior year. The increase is attributed to the following:

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

Other long-term liability activity included:

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

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

City of Palatka, Florida
Management's Discussion and Analysis (Continued)
September 30, 2024

Economic Factors and Next Year's Budgets and Rates

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

For the FY 2023-2024 budget, City staff proposed a balanced General Fund budget with the use of reserves to balance the budget. The City Commission kept the City's millage rate the same as FY 2022-2023, 6.4000 mills. The inclusion of the annual special assessment for fire protection services allows for the millage rate to avoid an increase.

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

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

Request for Information

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

City of Palatka, Florida
Statement of Net Position
September 30, 2024

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Palatka Gas Authority
Assets:				
Cash and cash equivalents	\$ 9,911,898	\$ 9,451,900	\$ 19,363,798	\$ 2,724,799
Investments	-	-	-	765,820
Accounts receivable, net	45,742	1,064,223	1,109,965	1,135,169
Internal balances	405,085	(405,085)	-	-
Due from other governments	860,769	1,109,315	1,970,084	-
Inventory	-	176,275	176,275	134,655
Prepaid expenses	229,178	-	229,178	-
Restricted cash and cash equivalents	1,531,051	2,795,888	4,326,939	-
Restricted investments	-	-	-	1,092,032
Capital assets:				
Nondepreciable	8,618,178	16,391,731	25,009,909	211,543
Depreciable, net	19,142,433	51,813,204	70,955,637	5,241,533
Total assets	<u>40,744,334</u>	<u>82,397,451</u>	<u>123,141,785</u>	<u>11,305,551</u>
Deferred outflows of resources:				
Pension related items	2,048,215	655,101	2,703,316	278,943
OPEB related items	34,196	18,592	52,788	19,888
Debt Retirement	1,900,078	-	1,900,078	-
Total deferred outflows of resources	<u>3,982,489</u>	<u>673,693</u>	<u>4,656,182</u>	<u>298,831</u>
Liabilities:				
Accounts payable and accrued liabilities	2,284,109	1,671,369	3,955,478	\$ 2,085,767
Deposits	30,506	23,064	53,570	1,478,372
Due to other governments	-	-	-	-
Non-current liabilities:				
Due within in one year	441,267	826,115	1,267,382	-
Due in more than one year	8,854,961	21,516,255	30,371,216	1,107,143
Total liabilities	<u>11,610,844</u>	<u>24,036,803</u>	<u>35,647,647</u>	<u>4,671,282</u>
Deferred inflows of resources:				
Pension related items	194,543	62,222	256,765	31,760
OPEB related items	110,675	60,175	170,850	24,064
Unearned revenues	-	13,506	13,506	-
Total deferred inflows of resources	<u>305,218</u>	<u>135,903</u>	<u>441,121</u>	<u>55,824</u>
Net position				
Net Invested in capital assets, net of related debt	25,054,992	47,862,365	72,917,357	5,453,076
Restricted for:				
Law enforcement	99,579	-	99,579	-
Fire safety education	40,256	-	40,256	-
Fire protection	28,914	-	28,914	-
Cemetery improvements	187,194	-	187,194	-
Capital project	1,204,190	-	1,204,190	-
Downtown redevelopment	2,499,308	8,095	2,507,403	-
Unrestricted	3,696,329	11,027,978	14,724,307	1,424,200
Total net position	<u>\$ 32,810,762</u>	<u>\$ 58,898,438</u>	<u>\$ 91,709,200</u>	<u>\$ 6,877,276</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statements of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Palatka gas authority
Primary government								
Governmental activities:								
General government	\$ 5,448,899	\$ 188,176	\$ 179,130	\$ 419,689	\$ (4,661,904)	\$ -	\$ (4,661,904)	\$ -
Public safety	8,439,505	2,225,525	130,628	-	(6,083,352)	-	(6,083,352)	-
Physical environment	-	-	-	163,039	163,039	-	163,039	-
Transportation	1,706,442	341,768	-	-	(1,364,674)	-	(1,364,674)	-
Economic environment	175,517	-	-	573,348	397,831	-	397,831	-
Human services	88,888	-	-	-	(88,888)	-	(88,888)	-
Culture and recreation	1,040,210	158,861	-	92,755	(788,594)	-	(788,594)	-
Interest on long-term debt	45,521	-	-	-	(45,521)	-	(45,521)	-
Total governmental activities	<u>16,944,982</u>	<u>2,914,330</u>	<u>309,758</u>	<u>1,248,831</u>	<u>(12,472,063)</u>	<u>-</u>	<u>(12,472,063)</u>	<u>-</u>
Business-type activities:								
Water	6,419,554	8,830,556	-	5,449,215	-	7,860,217	7,860,217	-
Sanitation	2,704,834	3,553,156	-	6,868	-	855,190	855,190	-
Golf Course	244,558	122,323	-	-	-	(122,235)	(122,235)	-
Airport	1,983,167	869,460	-	1,377,674	-	263,967	263,967	-
Total business-type activities	<u>11,352,113</u>	<u>13,375,495</u>	<u>-</u>	<u>6,833,757</u>	<u>-</u>	<u>8,857,139</u>	<u>8,857,139</u>	<u>-</u>
Total primary government	<u>28,297,095</u>	<u>16,289,825</u>	<u>309,758</u>	<u>8,082,588</u>	<u>(12,472,063)</u>	<u>8,857,139</u>	<u>(3,614,924)</u>	<u>-</u>
Component unit								
Palatka Gas Authority	\$ 3,543,604	\$ 2,621,728	\$ -	\$ 27,650	-	-	-	(894,226)
General revenues and transfers								
General revenues:								
Property taxes					4,697,289	-	4,697,289	-
Sales tax and intergovernmental unrestricted shared revenues					2,488,654	-	2,488,654	-
Franchise taxes					1,142,870	-	1,142,870	-
Utility taxes					2,325,607	-	2,325,607	-
Communications service tax					379,475	-	379,475	-
Investment earnings					644,486	5,335	649,821	46,427
Contribution from component unit					46,287	-	46,287	-
Proceeds from debt issuance					185,723	499,535	685,258	-
Miscellaneous					658,833	214,557	873,390	350,670
Transfers					1,871,088	(1,871,088)	-	-
Total general revenues and transfers					<u>14,440,312</u>	<u>(1,151,661)</u>	<u>13,288,651</u>	<u>397,097</u>
Change in net position					1,968,249	7,705,478	9,673,727	(497,129)
Net position - beginning of year					30,842,513	51,192,960	82,035,473	7,374,405
Prior period adjustment					-	-	-	-
Net position - beginning of year, restated					<u>30,842,513</u>	<u>51,192,960</u>	<u>82,035,473</u>	<u>7,374,405</u>
Net position - end of year					<u>\$ 32,810,762</u>	<u>\$ 58,898,438</u>	<u>\$ 91,709,200</u>	<u>\$ 6,877,276</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 6,682,276	\$ 2,513,090	\$ 716,532	\$ -	\$ 9,911,898
Restricted cash and cash equivalents	-	-	-	1,531,051	1,531,051
Accounts receivable, net	45,742	-	-	-	45,742
Due from other funds	263,925	-	-	-	263,925
Due from other government	68,721	-	792,048	-	860,769
Prepaid expenses	229,178	-	-	-	229,178
Long-term advances to other funds	141,160	-	-	-	141,160
Total assets	<u>\$ 7,431,002</u>	<u>\$ 2,513,090</u>	<u>\$ 1,508,580</u>	<u>\$ 1,531,051</u>	<u>\$ 12,983,723</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 426,330	\$ 13,782	\$ 76,759	\$ 5,200	\$ 522,071
Unearned revenue	3,675	-	227,631	1,530,732	1,762,038
Deposits	30,506	-	-	-	30,506
Total liabilities	<u>460,511</u>	<u>13,782</u>	<u>304,390</u>	<u>1,535,932</u>	<u>2,314,615</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Fund balances:					
Non-spendable	141,160	-	-	-	141,160
Restricted	630,087	2,499,308	1,204,190	-	4,333,585
Committed	138,568	-	-	-	138,568
Unassigned	6,060,677	-	-	(4,881)	6,055,796
Total fund balances	<u>6,970,492</u>	<u>2,499,308</u>	<u>1,204,190</u>	<u>(4,881)</u>	<u>10,669,109</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,431,003</u>	<u>\$ 2,513,090</u>	<u>\$ 1,508,580</u>	<u>\$ 1,531,051</u>	<u>\$ 12,983,724</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2024

Fund balance – total governmental funds	\$ 10,669,109
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets, net	27,760,611
Long-term liabilities are not reported in the governmental funds	
Bonds and notes payable	(2,096,863)
Deferred Outflow for Debt Retirement	1,900,077
Capital leases	(608,756)
Compensated absences	(631,061)
Total OPEB liability	(418,541)
Net pension liability	(5,541,007)
Deferred outflows and inflows associated with pensions and OPEB are not reported in the governmental funds.	
Deferred outflows-pension	2,048,215
Deferred inflows-pension	(194,543)
Deferred outflows-OPEB	34,196
Deferred inflows-OPEB	(110,675)
Change in net position of governmental activities	\$ 32,810,762

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2024

	General Fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
Revenues					
Taxes	\$ 6,294,743	\$ 819,422	\$ 1,346,793	\$ -	\$ 8,460,958
Permits, fees, and special assessments	3,438,007	-	-	-	3,438,007
Intergovernmental	1,377,989	-	807,171	441,659	2,626,819
Charges for services	438,433	-	-	-	438,433
Fines and forfeitures	137,980	-	-	-	137,980
Miscellaneous	1,557,516	2,200	-	-	1,559,716
Total revenues	<u>13,244,668</u>	<u>821,622</u>	<u>2,153,964</u>	<u>441,659</u>	<u>16,661,913</u>
Expenditures:					
Current:					
General government	3,625,445	-	588,017	341,421	4,554,883
Public safety	7,832,908	-	-	-	7,832,908
Physical environment	-	-	-	-	-
Transportation	1,156,931	-	-	-	1,156,931
Economic environment	-	175,517	-	-	175,517
Human services	81,289	-	-	-	81,289
Culture and recreation	724,506	-	-	-	724,506
Capital Outlay	1,470,573	41,578	1,446,758	100,238	3,059,147
Debt service:					
Principal retirement	323,337	-	69,724	-	393,061
Interest and fiscal charges	31,899	-	13,622	-	45,521
Total expenditures	<u>15,246,888</u>	<u>217,095</u>	<u>2,118,121</u>	<u>441,659</u>	<u>18,023,763</u>
Excess of revenues over (under) expenditures	<u>(2,002,220)</u>	<u>604,527</u>	<u>35,843</u>	<u>-</u>	<u>(1,361,850)</u>
Other financing sources (uses)					
Transfers in	2,299,063	-	-	-	2,299,063
Transfers out	(377,142)	(42,594)	(3,358)	(4,881)	(427,975)
Issuance of debt	-	-	-	-	-
Capital lease issuance	-	-	-	-	-
Sale of surplus property	368,137	194,502	-	-	562,639
Capital contributions	-	-	-	-	-
Total other financing sources (uses)	<u>2,290,058</u>	<u>151,908</u>	<u>(3,358)</u>	<u>(4,881)</u>	<u>2,433,727</u>
Net change in fund balance	287,838	756,435	32,485	(4,881)	1,071,877
Fund balances - beginning of year	<u>6,682,654</u>	<u>1,742,873</u>	<u>1,171,705</u>	<u>-</u>	<u>9,597,232</u>
Fund balances - end of year	<u>\$ 6,970,492</u>	<u>\$ 2,499,308</u>	<u>\$ 1,204,190</u>	<u>\$ (4,881)</u>	<u>\$ 10,669,109</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Reconciliation Statement of Revenues, Expenditures, and Changes in Fund Balances to the
Statement of Activities
Governmental Funds
Year Ended September 30, 2024

Net change in fund balance – total governmental funds		\$ 1,071,877
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund report capital outlay as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Acquisitions of capital assets	2,468,761	
Loss on disposal of capital assets	989,504	
Current year depreciation expense	<u>(1,964,858)</u>	1,493,407
The issuance of long-term debt provides current financial resources in governmental funds but does not effect net position of governmental activities.		
Capital lease		-
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does does not effect net position of governmental activities.		
Principal retirement		393,061
Deferred Outflow of Debt Retirement		185,723
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		(35,173)
The timing of revenue sometimes differs between governmental funds and governmental activities.		
Change in unavailable revenues		(438,673)
Net changes in net pension liability and total OPEB liability and related deferred outflows and inflows are reported in the statement of activities but not in the governmental funds.		
Net pension liability	(361,888)	
Deferred outflows-pension	(534,628)	
Deferred inflows-pension	194,543	
Deferred inflows-OPEB	<u>-</u>	<u>(701,973)</u>
Change in net position of governmental activities		<u>\$ 1,968,249</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Net Position
Proprietary Funds
September 30, 2024

	Enterprise Funds				Total Enterprise Funds
	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	
Current assets					
Cash and cash equivalents	\$ 6,209,609	\$ 3,231,525	\$ 10,466	\$ 300	\$ 9,451,900
Restricted cash and cash equivalents	2,243,312	375,481	-	169,000	2,787,793
Accounts receivable, net	730,517	241,131	92,575	-	1,064,223
Due from other government	695,064	-	-	414,251	1,109,315
Inventory	174,103	-	-	2,172	176,275
Total current assets	<u>10,052,605</u>	<u>3,848,137</u>	<u>103,041</u>	<u>585,723</u>	<u>14,589,506</u>
Noncurrent assets					
Restricted cash and cash equivalents	8,095	-	-	-	8,095
Capital assets, net	44,764,804	2,196,715	1,489,943	19,753,473	68,204,935
Total noncurrent assets	<u>44,772,899</u>	<u>2,196,715</u>	<u>1,489,943</u>	<u>19,753,473</u>	<u>68,213,030</u>
Total Assets	<u>\$ 54,825,504</u>	<u>\$ 6,044,852</u>	<u>\$ 1,592,984</u>	<u>\$ 20,339,196</u>	<u>\$ 82,802,536</u>
Deferred outflows of resources					
Pension related	376,453	236,833	-	41,815	655,101
OPEB related	11,303	6,160	-	1,129	18,592
Total deferred outflows of resources	<u>387,756</u>	<u>242,993</u>	<u>-</u>	<u>42,944</u>	<u>673,693</u>
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,135,872	\$ 69,639	\$ 6,397	\$ 459,461	\$ 1,671,369
Due to other funds	-	-	134,302	129,623	263,925
Deposits	-	-	-	23,064	23,064
Current portion of long-term liabilities	542,749	255,472	-	27,894	826,115
Total current liabilities	<u>1,678,621</u>	<u>325,111</u>	<u>140,699</u>	<u>640,042</u>	<u>2,784,473</u>
Noncurrent liabilities:					
Total OPEB liability	138,344	75,402	-	13,820	227,566
Net pension liability	1,018,077	641,037	-	113,120	1,772,234
Advances from other funds	-	-	-	141,160	141,160
Other long-term liabilities	18,103,360	1,087,743	325,352	-	19,516,455
Total noncurrent liabilities	<u>19,259,781</u>	<u>1,804,182</u>	<u>325,352</u>	<u>268,100</u>	<u>21,657,415</u>
Total liabilities	<u>20,938,402</u>	<u>2,129,293</u>	<u>466,051</u>	<u>908,142</u>	<u>24,441,888</u>
Deferred inflows of resources					
Pension related	35,756	22,152	-	4,314	62,222
OPEB related	36,582	19,939	-	3,654	60,175
Deferred revenues	13,604	-	-	(98)	13,506
Total deferred inflows of resources	<u>85,942</u>	<u>42,091</u>	<u>-</u>	<u>7,870</u>	<u>135,903</u>
Net position					
Net investment in capital assets	26,118,695	853,500	1,164,591	19,725,579	47,862,365
Restricted for capital projects	8,095	-	-	-	8,095
Unrestricted	8,062,126	3,262,961	(37,658)	(259,451)	11,027,978
Total net position	<u>\$ 34,188,916</u>	<u>\$ 4,116,461</u>	<u>\$ 1,126,933</u>	<u>\$ 19,466,128</u>	<u>\$ 58,898,438</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
Year Ended September 30, 2024

	Enterprise Funds				Total Enterprise Funds
	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	
Operating revenues					
User fees	\$ 8,821,209	\$ 3,552,118	\$ -	\$ 860,980	\$ 13,234,307
Other operating revenues	9,347	1,038	122,323	8,480	141,188
Total operating revenues	<u>8,830,556</u>	<u>3,553,156</u>	<u>122,323</u>	<u>869,460</u>	<u>13,375,495</u>
Operating expenses					
Personal services	2,623,915	1,338,050	-	359,586	4,321,551
Physical environment	145,779	-	29,340	16,399	191,518
Operating expenses	1,945,947	955,484	158,379	639,457	3,699,267
Depreciation	1,482,962	395,271	56,839	967,576	2,902,648
Total expenditures	<u>6,198,603</u>	<u>2,688,805</u>	<u>244,558</u>	<u>1,983,018</u>	<u>11,114,984</u>
Operating income (loss)	<u>2,631,953</u>	<u>864,351</u>	<u>(122,235)</u>	<u>(1,113,558)</u>	<u>2,260,511</u>
Nonoperating revenues (expenses)					
Investment earnings	5,335	-	-	-	5,335
Interest expense	(220,951)	(16,029)	-	(149)	(237,129)
Sale of surplus property	2,157	-	-	212,400	214,557
Proceeds from debt issuance	-	499,535	-	-	499,535
Total nonoperating revenues (expenses)	<u>(213,459)</u>	<u>483,506</u>	<u>-</u>	<u>212,251</u>	<u>482,298</u>
Income (loss) before capital contributions and transfers	2,418,494	1,347,857	(122,235)	(901,307)	2,742,809
Capital contributions and transfers					
Capital contributions	5,449,215	6,868	-	1,377,674	6,833,757
Transfers in	-	76,342	53,700	284,340	414,382
Transfers out	(1,783,643)	(336,694)	(215)	(164,918)	(2,285,470)
Total other financing sources (uses)	<u>3,665,572</u>	<u>(253,484)</u>	<u>53,485</u>	<u>1,497,096</u>	<u>4,962,669</u>
Net change in fund balance	6,084,066	1,094,373	(68,750)	595,789	7,705,478
Fund balances - beginning of year	29,105,601	2,842,450	1,024,779	18,898,082	51,870,912
Restatement	(1,000,751)	179,638	170,904	(27,743)	(677,952)
Fund balances - beginning of year, restated	<u>28,104,850</u>	<u>3,022,088</u>	<u>1,195,683</u>	<u>18,870,339</u>	<u>51,192,960</u>
Fund balances - end of year	<u>\$ 34,188,916</u>	<u>\$ 4,116,461</u>	<u>\$ 1,126,933</u>	<u>\$ 19,466,128</u>	<u>\$ 58,898,438</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Water Fund	Sanitation Fund	Golf Course Fund	Airport Fund	Total Enterprise Fund
Cash flows from operating activities:					
Receipts from customers	\$ 11,050,086	\$ 3,654,985	\$ 129,164	\$ 683,289	\$ 15,517,524
Payments to suppliers	(4,666,234)	(959,222)	(193,384)	(221,355)	(6,040,195)
Payments to employees	(2,668,148)	(1,448,677)	-	(626,202)	(4,743,027)
Net cash provided by (used in) operating activities	<u>3,715,704</u>	<u>1,247,085</u>	<u>(64,220)</u>	<u>(164,268)</u>	<u>4,734,301</u>
Cash flows from non-capital financing activities:					
Transfers in	-	76,342	53,700	284,340	414,382
Transfers out	(1,783,643)	(336,694)	(215)	(164,918)	(2,285,470)
Net cash provided by non-capital financing activities	<u>(1,783,643)</u>	<u>(260,352)</u>	<u>53,485</u>	<u>119,422</u>	<u>(1,871,088)</u>
Cash flows from capital and related financing activities:					
Capital contributions	5,449,215	6,868	-	1,377,674	6,833,757
Acquisition and construct of capital assets	(6,176,504)	(1,362,192)	183,345	(1,434,029)	(8,789,380)
Sale of surplus property	2,157	-	-	212,400	214,557
Debt issuance	5,477,568	1,719,783	-	-	7,197,350
Principal paid on debt	(1,727,166)	(136,457)	(24,672)	(5,376)	(1,893,671)
Interest paid on debt	(220,951)	(16,029)	-	(149)	(237,129)
Net cash provided by (used in) capital and related financing activities	<u>2,804,319</u>	<u>211,973</u>	<u>158,673</u>	<u>150,520</u>	<u>3,325,485</u>
Cash flows from investing activities:					
Sale of investments	-	-	-	21,560	21,560
Interest received	5,335	-	-	-	5,335
Net cash provided by investing activities	<u>5,335</u>	<u>-</u>	<u>-</u>	<u>21,560</u>	<u>26,895</u>
Net increase (decrease) in cash and cash equivalents	4,741,715	1,198,706	147,938	127,234	6,215,593
Cash and cash equivalents at beginning of year	3,999,043	2,408,300	34,702	42,066	6,484,112
Cash and cash equivalents at end of year	<u>\$ 8,740,758</u>	<u>\$ 3,607,006</u>	<u>\$ 182,640</u>	<u>\$ 169,300</u>	<u>\$ 12,699,705</u>
Cash flows from operating activities:					
Operating (loss)	\$ 2,631,953	\$ 864,351	\$ (122,235)	\$ (1,113,558)	\$ 2,260,511
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,482,962	395,271	56,839	967,576	2,902,648
Change in assets and liabilities:					
(Increase) decrease in receivables, net	(83,422)	(21,451)	(9,518)	-	(114,391)
(Increase) decrease in due from other governments	2,266,035	-	-	(414,251)	1,851,784
(Increase) decrease in inventory	(18,754)	-	-	9,983	(8,771)
(Increase) decrease in deferred outflows	-	-	-	8,163	8,163
Increase (decrease) in accounts payable and accrued liabilities	381,055	11,853	5,665	432,873	831,446
Increase (decrease) in due to other funds	-	-	5,029	-	5,029
Increase (decrease) in compensated absences	(23,929)	(24,186)	-	5,764	(42,351)
Increase (decrease) in total OPEB liability	-	(716)	-	-	(716)
Increase (decrease) in customer deposits	(11,370)	-	-	(7,141)	(18,511)
Increase (decrease) in net pension liability	-	-	-	(57,893)	(57,893)
Increase (decrease) in deferred inflows	(2,908,826)	21,963	-	4,216	(2,882,647)
Net cash provided by (used in) operating activities	<u>\$ 3,715,704</u>	<u>\$ 1,247,085</u>	<u>\$ (64,220)</u>	<u>\$ (164,268)</u>	<u>\$ 4,734,301</u>
Cash and cash equivalents:					
Unrestricted	\$ 6,209,609	\$ 3,231,525	\$ 10,466	\$ 300	\$ 9,451,900
Restricted	2,251,407	375,481	-	169,000	2,795,888
Total cash and cash equivalents	<u>\$ 8,461,016</u>	<u>\$ 3,607,006</u>	<u>\$ 10,466</u>	<u>\$ 169,300</u>	<u>\$ 12,247,788</u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2024

	Total
Assets	
Investments:	
Money market and other cash equivalents	\$ 1,575,125
Fixed income	1,457,891
Equity	2,418,652
Mutual funds - equities	26,372,183
Pooled/Common/Commingled funds - equity	1,294,611
Pooled/Common/Commingled funds - real estate	<u>2,178,180</u>
Total investments	<u>47,691,950</u>
Accounts receivable	<u>269,410</u>
Total assets	<u><u>\$ 47,961,360</u></u>
Liabilities	\$ 314,345
Net position:	
Restricted for pension benefits	<u>47,647,015</u>
Total Liabilities and Net Position	<u><u>\$ 47,961,360</u></u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
Year Ended September 30, 2024

	Total
Additions	
Contributions	
Employer	\$ 2,573,169
Member	542,174
State on behalf, through general fund	<u>181,688</u>
Total contributions	<u>3,297,031</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	8,170,181
Interest & dividends	978,542
Less investment fee	<u>(186,282)</u>
Net investment income	<u>8,962,441</u>
Total additions	<u>12,259,472</u>
Deductions	
Member benefits	3,352,623
Withdrawals	670,109
Refunds of member contributions	155,135
Administrative expense	<u>168,364</u>
Total deductions	<u>4,346,231</u>
Change in net position	7,913,241
Net position restricted for pension benefits, beginning of the year	<u>39,733,774</u>
Net position restricted for pension benefits, end of the year	<u><u>\$ 47,647,015</u></u>

The accompanying notes are an integral part of the financial statements

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

Blended Component Unit

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

Discretely Presented Component Unit

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit (Continued)

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

The Palatka Gas Authority
518 Main Street
Palatka, Florida 32177

Related Organization

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

Joint Ventures

The City did not participate in any joint ventures during the 2023-2024 fiscal year.

Basis of Presentation

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

Government-wide Financial Statements

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

The City has no nonmajor governmental funds.

Additionally, the City reports the following fiduciary funds:

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Funds are net of a \$16,580 allowance. Accounts receivable of the Gas Authority are net of \$3,650 allowance.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Inventories

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

Long-term Receivables

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

Capital Assets

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

For its business-type activities, interest earnings are offset against construction costs for qualified projects financed with tax-exempt debt. No interest costs were capitalized during 2024.

Claims and Judgments

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

Compensated Absences

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

Property Taxes

The Putnam County Tax Collector bills and collects property taxes for the City. At September 30, 2024, property taxes receivable was not material.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Operating Revenues and Expenses

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

Pensions

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

Deferred Outflow/ Inflows of Resources

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Net Position

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

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

The City has no net position restricted by enabling legislation.

Fund Balance

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

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

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

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

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

	Primary Government	Component Unit
Statement of net position:		
Cash and equivalents	\$ 19,363,798	\$ 2,724,799
Restricted cash and equivalents	4,326,939	765,820
Restricted investments	-	1,092,032
Statement of fiduciary net position:		
Money market and other cash equivalents	1,575,125	-
Investments	46,116,825	-
Total deposits and investments	\$ 71,382,687	\$ 4,582,651

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

	Primary Government	Component Unit
Deposits with financial institutions (including certificates of deposit)	\$ 25,265,862	\$ 3,490,619
Investments - other than pension	-	1,092,032
Investments - pension	46,116,825	-
Total deposits and investments	\$ 71,382,687	\$ 4,582,651

Deposits

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

Investments

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

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

The City’s investments at September 30, 2024 are summarized in the following table:

	Maturities			
	0-5 years	5-10 years	10+ years	n/a
Pension investments:				
Fixed income	\$ 1,457,891	\$ 1,457,891	\$ -	\$ -
Equity	2,418,652	1,124,444	720,665	573,543
Mutual funds (fixed income)	12,395,308	-	-	12,395,308
Mutual funds (equities)	26,372,183	-	-	26,372,183
Pooled/Common/Commingled funds - equity	2,178,180	-	-	2,178,180
Total pension investments	\$ 44,822,214	\$ 2,582,335	\$ 720,665	\$ 573,544
			\$ -	\$ 40,945,671

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

NOTE 3 – FAIR VALUE MEASUREMENT

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

The City has the following recurring fair value measurements as of September 30, 2024:

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

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

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Investments:</i>				
Fixed income	\$ 1,457,891	\$ 1,457,891	\$ -	\$ -
Equity	2,418,652	2,058,873	359,779	-
Mutual funds (fixed income)	26,372,183	12,395,308	-	-
Mutual funds (equities)	12,395,308	10,551,483	1,843,825	-
Pooled/Common/Commingled funds - equity	2,178,180	1,854,172	324,008	-
Total pension investments	44,822,214	28,317,727	2,527,612	-

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 4 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2024, interfund balances consist of:

- A long-term advance from the General Fund to the Airport Fund of \$141,160.
- Temporary loans from the General Fund to Airport Fund and Golf Course Fund of \$129,623 and \$134,302, respectively, expected to be repaid within the next fiscal year.

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

Transfers from:	General fund	Downtown redev. fund	Better place plan fund	Special revenues fund	Water fund	Sanitation fund	Golf course fund	Airport fund	Total
Transfers to:									
General fund	\$ -	\$ 42,594	\$ 3,358	\$ 4,881	\$ 1,746,403	\$ 215	\$ 336,694	\$ 164,918	\$ 2,299,063
Sanitation fund	53,700	-	-	-	-	-	-	-	53,700
Golf course fund	39,102	-	-	-	37,240	-	-	-	76,342
Airport	284,340	-	-	-	-	-	-	-	284,340
Total	\$ 377,142	\$ 42,594	\$ 3,358	\$ 4,881	\$ 1,783,643	\$ 215	\$ 336,694	\$ 164,918	\$ 2,713,445

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

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 5 – CAPITAL ASSETS ACTIVITY

During the year ended September 30, 2024, the following changes in capital assets occurred:

Primary Government	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Governmental activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 4,393,155	\$ 1,368,634	\$ -	\$ -	\$ 5,761,789
Construction in progress	5,679,958	-	-	(2,823,569)	2,856,389
Total not being depreciated	10,073,113	1,368,634	-	(2,823,569)	8,618,178
Capital assets being depreciated:					
Buildings and improvements	8,565,655	567,501	(784,101)	-	8,349,055
Infrastructure	22,692,180	-	-	2,339,572	25,031,752
Furniture and equipment	5,500,907	532,626	(205,403)	483,997	6,312,127
Intangibles	247,544	-	-	-	247,544
Total being depreciated	37,006,286	1,100,127	(989,504)	2,823,569	39,940,478
Less accumulated depreciation for:					
Buildings and improvements	6,245,852	630,178	(784,101)	-	6,091,929
Infrastructure	9,505,779	955,687	-	-	10,461,466
Furniture and equipment	3,823,516	378,993	(205,403)	-	3,997,106
Intangibles	247,544	-	-	-	247,544
Total accumulated depreciation	19,822,691	1,964,858	(989,504)	-	20,798,045
Total being depreciated, net	17,183,595	(864,731)	-	2,823,569	19,142,433
Governmental activities capital assets, net	\$ 27,256,708	\$ 503,903	\$ -	\$ -	\$ 27,760,611

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

Governmental activities:	
General government	\$ 485,447
Public safety	606,597
Transportation	549,511
Human services	7,599
Culture and recreation	315,704
Total depreciation expense governmental activities	\$ 1,964,858

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)

	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Business-type activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 7,015,211	\$ 1,086,660	\$ -	\$ -	\$ 8,101,871
Construction in progress	6,053,937	2,235,923	-	-	8,289,860
Total not being depreciated	13,069,148	3,322,583	-	-	16,391,731
Capital assets being depreciated:					
Buildings and improvements	26,643,153	1,433,732	(31,727)	-	28,045,158
Furniture and equipment	6,342,656	1,938,987	-	-	8,281,643
Water and sewer distribution system	22,199,990	2,468,084	-	-	24,668,074
Plant assets and equipment	37,306,011	1,336,213	(848,722)	-	37,793,502
Total being depreciated	92,491,810	7,177,016	(880,449)	-	98,788,377
Less accumulated depreciation for:					
Buildings and improvements	14,248,444	1,007,694	(31,727)	-	15,224,411
Furniture and equipment	4,158,407	284,836	-	-	4,443,243
Water and sewer distribution system	6,631,695	454,247	-	-	7,085,942
Plant assets and equipment	18,925,265	2,145,034	(848,722)	-	20,221,577
Total accumulated depreciation	43,963,811	3,891,811	(880,449)	-	46,975,173
Total being depreciated, net	48,527,999	3,285,205	-	-	51,813,204
Business-types activities capital assets, net	\$ 61,597,147	\$ 6,607,788	\$ -	\$ -	\$ 68,204,935

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

Business-type activities:	
Water	\$ 1,482,962
Sanitation	56,839
Golf Course	395,271
Airport	967,576
Total depreciation expense business-type activities	\$ 2,902,648

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 5 – CAPITAL ASSETS ACTIVITY (CONTINUED)

	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Gas Authority capital assets					
Capital assets not being depreciated:					
Land	\$ 211,543	\$ -	\$ -	\$ -	\$ 211,543
Total not being depreciated	211,543	-	-	-	211,543
Capital assets being depreciated:					
Buildings and improvements	1,467,709	-	-	-	1,467,709
Furniture and equipment	1,497,760	461,459	(72,071)	-	1,887,148
Plant assets and equipment	7,802,709	149,182	-	-	7,951,891
Total being depreciated	10,768,178	610,641	(72,071)	-	11,306,748
Less accumulated depreciation for:					
Buildings and improvements	591,451	26,406	-	-	617,857
Furniture and equipment	1,198,163	11,558	(72,071)	(55,218)	1,082,432
Plant assets and equipment	3,310,825	374,648	-	-	3,685,473
Total accumulated depreciation	5,100,439	412,612	(72,071)	(55,218)	5,385,762
Total being depreciated, net	5,667,739	198,029	-	55,218	5,920,986
Gas Authority capital assets, net	<u>\$ 5,879,282</u>	<u>\$ 198,029</u>	<u>\$ -</u>	<u>\$ 55,218</u>	<u>\$ 6,132,529</u>

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 6 – LONG-TERM OBLIGATIONS

Revenue Bonds and Notes:

Governmental Activities

\$1,251,000 Public Improvement Revenue Note, Series 2024, payable in semiannual installments ranging from \$20,000 to \$50,000 through October 2043, plus interest at 5.08% per annum, also payable semiannually, secured by non-ad valorem revenues. During the current year, no payments were due or made.	\$ 1,251,000
\$300,000 North CRA road project loan, payable in annual installments ranging from \$10,706 to \$20,376 through February 2039, plus interest at 3.64%, payable semiannually, revenue source - non-ad valorem revenues.	\$ 196,785
Total	\$ 1,447,785

Business-type Activities

\$5,620,357 Florida Municipal Loan Council Refunding Revenue Note, Series 2020; payable in varying installments through October 1, 2040, bearing a fixed interest rate of 2.73%, secured by a pledge of Half-Cent Sales Tax Revenues, Public Service Tax Revenues, and Communications Service Tax Revenues. Interest payments are due every April 1 beginning on April 1, 2021. Principal and interest payments are due every October 1, beginning October 1, 2021.	4,968,756
\$4,268,622 Drinking Water State Revolving Fund Loan, plus capitalized interest of \$15,953, payable in semiannual installments of \$142,476, including interest at 2.61%, through January 2029, from net revenues of the water and sewer system. The proceeds were used to repay the portion of interim loan for construction of the drinking water treatment/distribution project, that was not covered by a DEP grant. The approximate amount of the pledge is equal to the remaining principal and interest of \$1,432,271. During the current year, the City recognized net revenues of \$2,379,096, and paid principal and interest payments in the amount of \$272,474.	1,334,230
\$10,922,306, Water Reuse System State Revolving Loan; interest rate of 3.20% - 3.64%. Repayment will begin in October 2025 in 34 semiannual payments. Secured by a pledge of the net revenues of the water system after satisfaction of senior obligations.	10,922,306
\$714,914 Water Reuse System State Revolving Loan; interest rate of 1.34%. Repayment began in September 2005 in 30 semiannual payments. Secured by a pledge of the net revenues of the water and sewer system after satisfaction of senior obligations. During the current year, the City recognized net revenues of \$2,379,096, and made \$26,821 principal and interest payments.	383,969
\$1,749,000 Public Improvement Revenue Note, Series 2024, payable in semiannual installments ranging from \$13,000 to \$40,000 through October 2043, plus interest at 5.08% per annum, also payable semiannually, secured by non-ad valorem revenues. During the current year, no payments were due or made.	1,749,000
Total	\$ 19,358,261

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

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

Year Ending September 30, 2024	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 54,469	\$ 74,344	\$ 568,403	\$ 257,780
2026	53,251	68,986	754,937	237,789
2027	56,219	66,425	1,290,205	221,351
2028	59,204	63,730	1,306,689	204,395
2029	61,372	60,890	1,329,504	186,914
2030-2034	354,229	257,147	5,384,706	740,149
2035-2039	404,968	158,183	5,357,071	424,237
2040-2044	404,073	52,990	3,366,745	93,483
2045-2049	-	-	-	-
Totals	\$ 1,447,785	\$ 802,695	\$ 19,358,260	\$ 2,366,098

Governmental Activities – Changes in Long-term Liabilities

	Balance	Additions	Deletions	Balance	Due
	October 1, 2023			September 30, 2024	Within One Year
Revenue bonds and notes	\$ 202,898	\$ 1,900,078	\$ 6,113	\$ 2,096,863	\$ 180,398
Capital leases	905,824	-	297,068	608,756	260,870
Compensated absences	595,888	35,173	-	631,061	-
Total OPEB liability	418,541	-	-	418,541	-
Net pension liability	5,179,119	361,888	-	5,541,007	-
Totals	\$ 7,302,270	\$ 2,297,139	\$ 303,181	\$ 9,296,228	\$ 441,268

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

Business-type Activities – Changes in Long-term Liabilities

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024	Due Within One Year
Florida Municipal Loan Council refunded revenue bonds series 2020	\$ 5,197,955	\$ -	\$ 229,199	\$ 4,968,756	\$ 233,113
Drinking water state revolving fund loan	1,571,856	-	237,626	1,334,230	251,635
State revolving fund loan	5,871,824	6,286,050	1,235,568	10,922,306	-
Emergency water fund loan	408,742	-	24,773	383,969	24,772
Vehicles Loan	-	642,137	-	642,137	125,929
Public works facility improvement note	-	1,749,000	-	1,749,000	58,883
Total revenue bonds and notes	13,050,377	8,677,187	1,727,166	20,000,398	694,332
Capital leases	316,047	-	111,785	204,262	131,783
County water/sewer agreement	106,563	-	106,563	-	-
Compensated absences	287,295	5,764	48,115	244,944	-
Total OPEB liability	228,282	-	716	227,566	-
Net pension liability	2,824,814	-	1,052,580	1,772,234	-
Totals	\$ 16,813,378	\$ 8,682,951	\$ 3,046,925	\$ 22,449,404	\$ 826,115

Capital Leases

Governmental Activities

The City continued to pay a \$680,000, 3.38% capital lease for fire engine due in quarterly installments of approximately \$75,000 to \$85,000, \$266,559 capital lease for vehicles at 3.288% due in semi-annual installments of approximately \$29,000, and on a \$514,940 capital lease for vehicles at 3.280% due in annual installments of approximately \$81,000. These leases are payable from the General Fund and reported in governmental activities in furniture and equipment.

Business-type Activities

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)

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

	Governmental Activities	Business-type Activities
2024	\$ 386,799	\$ 257,712
2025	285,504	96,926
2026	210,040	102,327
2027	220,033	108,010
2028	155,458	56,232
2029-2033	-	225,192
Less: amount representing interest	(117,430)	(65,532)
Present value of net minimum lease payments	\$ 1,140,404	\$ 780,867

NOTE 7 – RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES

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

	Business-type Activities
Restricted assets:	
Cash and equivalent	\$ 2,795,888
Total	2,795,888
Liabilities payable from restricted assets:	
Current portion of debt service:	
Principal	568,403
Interest	257,780
Payable from current portion of debt service	826,183
Long-term debt service payable from restricted assets	\$ 1,969,705

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 8 – FUND BALANCE CLASSIFICATIONS

	General fund	Downtown Redevelopment Agency Fund	Better Place Plan Fund	Special Revenues Fund	Total Governmental Funds
Nonspendable:					
Advances	\$ 141,160	\$ -	\$ -	\$ -	\$ 141,160
Restricted for:					
Law enforcement	91,233	-	-	-	91,233
Fire safety education	40,256	-	-	-	40,256
Fire protection	28,914	-	-	-	28,914
Programming and recreation	66,183	-	-	-	66,183
Transportation	194,307	-	-	-	194,307
Cemeter improvements	187,194	-	-	-	187,194
Capital projects	22,000	-	1,204,190	-	1,226,190
Downtown redevelopment	-	2,499,308	-	-	2,499,308
Total restricted	630,087	2,499,308	1,204,190	-	4,333,585
Committed for:					
Law enforcement	8,346	-	-	-	8,346
Tree mitigation	3,579	-	-	-	3,579
Demolition and lot cleanup	126,643	-	-	-	126,643
Total committed	138,568	-	-	-	138,568
Unassigned	6,060,677	-	-	(4,881)	6,055,796
Total fund balance	\$ 6,970,492	\$ 2,499,308	\$ 1,204,190	\$ (4,881)	\$ 10,669,109

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS

Defined Benefit Plan

Plan Description. The City sponsors a single-employer public employee retirement system (the “System”) administered by the City of Palatka, Pension Boards of Trustees. The General Pension Board consists of five members, including the City Manager, two City Commission appointees, one member elected by a majority of the other covered General employees, and one citizen having financial experience appointed by the City Commission. The Police Officer Pension Board and Firefighters Pension Board each consist of two City Commission appointees, two members of the Plan elected by a majority of the other covered members and a fifth member elected by the other four board trustees and appointed by the City Commission. The System administers the City Employees Retirement Plan (the “Plan”) which provides three employee contributory defined benefit pension plans. Members of the Plan include employees of the City and the Palatka Gas Authority. Nonemployer contributions are made by the State of Florida on behalf of Police Officers and Firefighters who participate in the System. For the year ended September 30, 2024, the City recognized \$113,281 and \$68,408 in the General Fund for State contributions to the Police Officers’ and Firefighters’ Retirement Funds, respectively. The City accounts for the Plan in three Pension Trust Funds, corresponding to three benefit groups as follows:

General – all members not included in Police Officers and Firefighters

Police Officers – all state-certified police officers

Firefighters – all state-certified firefighters

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

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

Current membership in the Plan as of September 30, 2024 is as follows:

	General	Police Officers	Fire Fighters	Total
Inactive plan members or beneficiaries				
currently receiving benefits	117	33	15	165
Inactive plan members entitled to but				
not yet receiving benefits	48	20	13	81
Active plan members	92	26	22	140
Total	257	79	50	386

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

Concentrations. As of September 30, 2024, the Plans did not hold investments in any one organization that represents 5% or more of the Plans’ fiduciary net position.

Rate of Return. For the year ended September 30, 2024, the annual money-weighted rate of return on General, Police Officers, and Firefighters Pension Plans investments, net of pension plan investment expense was (23.33)%, (22.65)%, and (22.40)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP). Eligibility is met with satisfaction of normal retirement requirements. Participation is not to exceed five years, or for police officers and firefighters, beyond attaining 35 or 34 years, respectively, of credited service, if earlier. General and Police DROP participants may choose actual net rate of return as reported by the Fund’s monitor each September 30 or a fixed 6.5% per annum compounded monthly. Effective beginning with the year ending September 30, 2008 the rate of return was limited to 0% for general members in DROP. Rate for Firefighter DROP participants is the greater of: 1) net rate of investment return or 2) 5.0%. The DROP balance as of September 30, 2024 was \$333,778, \$143,606, and \$0, respectively, for general, police officer and firefighters.

Net Pension Liability. The City’s net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated October 1, 2023 and rolled forward to that date.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

The components of the net pension liability for the plans at September 30, 2024 were as follows:

	City of Palatka - General	Palatka Gas Authority	Total General Retirement Fund
Total pension liability	\$ 25,149,012	\$ 4,056,814	\$ 29,205,826
Plan fiduciary net position	(19,541,244)	(3,152,219)	(22,693,463)
Net pension liability	\$ 5,607,768	\$ 904,595	\$ 6,512,363

Pension fiduciary net position as a percentage of the total pension liability	77.70%	77.70%	77.70%
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	Police Officers'	Firefighters'
Total pension liability	\$ 15,874,776	\$ 13,106,017
Plan fiduciary net position	(13,853,538)	(11,100,014)
Net pension liability	\$ 2,021,238	\$ 2,006,003

Pension fiduciary net position as a percentage of the total pension liability	87.27%	84.69%
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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2023, rolled forward to September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

NOTE 9 – PENSION PLANS (CONTINUED)

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

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

Best estimates of arithmetic real rates of return for each major asset class included in all three pension plans' target asset allocations as of September, 30 2024 are summarized in the following table:

Asset class:	Target Allocation			Long-term Expected Real Rate of Return
	General	Police Officers'	Firefighters'	All Plans
Domestic equity	52.0%	52.0%	52.0%	8.20%
Internation equity	8.0%	8.0%	8.0%	3.30%
Bonds	20.0%	20.0%	20.0%	2.20%
High yields bonds	4.0%	4.0%	4.0%	4.50%
Convertibles	5.0%	5.0%	5.0%	6.50%
Private real estate	5.0%	5.0%	5.0%	5.50%
Infrastructure	5.0%	5.0%	5.0%	6.50%
Cash	1.0%	1.0%	1.0%	0.00%
Total	100.0%	100.0%	100.0%	

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (General)

	Total Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 27,877,514	\$ 19,016,745	\$ 8,860,769
Changes for the year:			
Service cost	591,230	-	591,230
Interest	2,008,685	-	2,008,685
Changes in benefit terms	845,441	-	845,441
Difference between expected and actual experience	531,657	-	531,657
Changes of assumptions	-	-	-
Contributions-employer	-	1,686,668	(1,686,668)
Contributions-employees	-	328,572	(328,572)
Net investment income	-	4,373,617	(4,373,617)
Benefit payments, including refunds of employee contributions	(2,648,701)	(2,648,701)	-
Administrative expense	-	(63,438)	63,438
Net changes	1,328,312	3,676,718	(2,348,406)
Balance - end of year	\$ 29,205,826	\$ 22,693,463	\$ 6,512,363

	City of Palatka		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 24,005,208	\$ 16,375,238	\$ 7,629,970
Changes for the year:			
Service cost	509,106	-	509,106
Interest	1,729,670	-	1,729,670
Changes in benefit terms	728,006	-	728,006
Difference between expected and actual experience	457,808	-	457,808
Changes of assumptions	-	-	-
Contributions-employer	-	1,452,383	(1,452,383)
Contributions-employees	-	282,932	(282,932)
Net investment income	-	3,766,103	(3,766,103)
Benefit payments, including refunds of employee contributions	(2,280,785)	(2,280,785)	-
Administrative expense	-	(54,626)	54,626
Net changes	1,143,804	3,166,006	(2,022,202)
Balance - end of year	\$ 25,149,012	\$ 19,541,244	\$ 5,607,768

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

	Palatka Gas Authority		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 3,872,306	\$ 2,641,507	\$ 1,230,799
Changes for the year:			
Service cost	82,124	-	82,124
Interest	279,015	-	279,015
Changes in benefit terms	117,435	-	117,435
Difference between expected and actual experience	73,849	-	73,849
Changes of assumptions	-	-	-
Contributions-employer	-	234,285	(234,285)
Contributions-employees	-	45,640	(45,640)
Net investment income	-	607,514	(607,514)
Benefit payments, including refunds of employee contributions	(367,916)	(367,916)	-
Administrative expense	-	(8,812)	8,812
Net changes	184,508	510,712	(326,204)
Balance - end of year	\$ 4,056,814	\$ 3,152,219	\$ 904,595

Changes in the Net Pension Liability (Police Officers')

	Police Officers'		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 14,742,887	\$ 11,599,047	\$ 3,143,840
Changes for the year:			
Service cost	238,300	-	238,300
Interest	1,090,368	-	1,090,368
Changes of benefit terms	415,743	-	415,743
Difference between expected and actual experience	273,392	-	273,392
Changes of assumptions	-	-	-
Contributions-Employer	-	391,979	(391,979)
Contributions-State	-	113,280	(113,280)
Contributions-Employees	-	115,713	(115,713)
Net investment income	-	2,572,853	(2,572,853)
Benefit payments, including refunds of employee contributions	(885,914)	(885,914)	-
Administrative expense	-	(53,420)	53,420
Net changes	1,131,889	2,254,491	(1,122,602)
Balance - end of year	\$ 15,874,776	\$ 13,853,538	\$ 2,021,238

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

Changes in the Net Pension Liability (Firefighters')

	Firefighters'		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance - beginning of year	\$ 11,958,240	\$ 9,117,982	\$ 2,840,258
Changes for the year:			
Service cost	281,574	-	281,574
Interest	881,946	-	881,946
Change in benefit terms	284,545	-	284,545
Difference between expected and actual experience	342,964	-	342,964
Changes of assumptions	-	-	-
Contributions-Employer	-	494,522	(494,522)
Contributions-State	-	68,408	(68,408)
Contributions-Employees	-	97,889	(97,889)
Net investment income	-	2,015,971	(2,015,971)
Benefit payments, including refunds of employee contributions	(643,252)	(643,252)	-
Administrative expense	-	(51,506)	51,506
Net changes	1,147,777	1,982,032	(834,255)
Balance - end of year	\$ 13,106,017	\$ 11,100,014	\$ 2,006,003

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

Net Pension Liability	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
General	\$ 9,421,863	\$ 6,512,363	\$ 4,042,504

Net Pension Liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Police officers'	3,917,286	2,021,238	461,095

Net Pension Liability	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Firefighters'	3,688,116	2,006,003	617,133

Pension expense and deferred outflows of resources and deferred inflows of resources. For the year end September 30, 2024, the City recognized pension expense of \$2,256,989 (including \$271,602 for Palatka Gas Authority), \$1,055,087, and \$807,377 relating to the General, Police Officers', and Firefighters' plans respectively. At September 30, 2024, the City reported deferred outflows and inflows of resources relating to the General, Police Officers', and Firefighters' pensions from the following sources:

	Deferred Outflows of Resources - City	Deferred Outflows of Resources - PGA	Deferred Outflows of Resources - Total	Deferred Inflows of Resources - City	Deferred Inflows of Resources - PGA	Deferred Inflows of Resources - Total
Differences between expected and actual experience	\$ 228,904	\$ 36,925	\$ 265,829	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-	-	-
Difference between projected and actual earnings on pension plan investments (net)	-	-	-	322,677	82,650	595,015
Total	\$ 228,904	\$ 36,925	\$ 265,829	\$ 322,677	\$ 82,650	\$ 595,015
	Police Officers'	Firefighters'				
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 136,696	\$ -	\$ 275,889	\$ 86,242		
Changes of assumptions	-	-	15,699	4,733		
Difference between projected and actual earnings on pension plan investments (net)	-	406,798	-	308,017		
Total	\$ 136,696	\$ 406,798	\$ 291,588	\$ 398,992		

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

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

Year ending September 30,	General - City	General - PGA	General - Total	Police Officers'	Firefighters'
2025	\$ 314,735	\$ 50,770	\$ 365,505	\$ 144,291	\$ 44,171
2026	433,558	69,938	503,496	287,096	303,579
2027	(516,446)	(83,308)	(599,754)	(358,516)	(186,655)
2028	(515,308)	(83,125)	(598,433)	(342,973)	(268,499)
2029	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	\$ (283,461)	\$ (45,725)	\$ (329,186)	\$ (270,102)	\$ (107,404)

Pension Plan Financial Statements

Combining Statement of Fiduciary Net Position – September 30, 2024

	General Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
Assets				
Investments:				
Money market and other cash equivalents	\$ (7,649)	\$ 917,421	\$ 665,353	\$ 1,575,125
Government bonds and notes	-	-	-	-
Government agencies	-	-	-	-
Corporate bonds and notes	-	-	-	-
Fixed income	-	837,129	620,762	1,457,891
Equity	-	1,326,417	1,092,235	2,418,652
Mutual funds - fixed income	6,455,747	3,086,418	2,853,143	12,395,308
Mutual funds - equities	13,988,686	7,037,311	5,346,186	26,372,183
Pooled/Common/Commingled funds - equity	1,294,611	-	-	1,294,611
Pooled/Common/Commingled funds - real estate	1,041,194	651,872	485,114	2,178,180
Total investments	22,772,589	13,856,568	11,062,793	47,691,950
Accounts receivable	168,548	42,906	57,956	269,410
Total assets	22,941,137	13,899,474	11,120,749	47,961,360
Liabilities	247,674	45,936	20,735	314,345
Net position:				
Restricted for pension benefits	\$ 22,693,463	\$ 13,853,538	\$ 11,100,014	\$ 47,647,015

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 9 – PENSION PLANS (CONTINUED)

Combining Statement of Changes in Fiduciary Net Position – Year Ended September 30, 2024

	General Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
Additions				
Contributions				
Employer	\$ 1,686,668	\$ 391,979	\$ 494,522	\$ 2,573,169
Member	328,572	115,713	97,889	542,174
State on behalf, through general fund	-	113,280	68,408	181,688
	<u>2,015,240</u>	<u>620,972</u>	<u>660,819</u>	<u>3,297,031</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	3,857,780	2,410,772	1,901,629	8,170,181
Interest & dividends	580,168	230,001	168,373	978,542
Less investment fee	(64,331)	(67,920)	(54,031)	(186,282)
Net investment income (loss)	<u>4,373,617</u>	<u>2,572,853</u>	<u>2,015,971</u>	<u>8,962,441</u>
	<u>6,388,857</u>	<u>3,193,825</u>	<u>2,676,790</u>	<u>12,259,472</u>
Deductions				
Member benefits	1,860,857	848,514	643,252	3,352,623
Withdrawals	670,109	-	-	670,109
Refunds of member contributions	117,735	37,400	-	155,135
Administrative expense	63,438	53,420	51,506	168,364
Total deductions	<u>2,712,139</u>	<u>939,334</u>	<u>694,758</u>	<u>4,346,231</u>
Change in net position	3,676,718	2,254,491	1,982,032	7,913,241
Net position restricted for pension benefits, beginning of the year	<u>19,016,745</u>	<u>11,599,047</u>	<u>9,117,982</u>	<u>39,733,774</u>
Net position restricted for pension benefits, end of the year	<u>\$ 22,693,463</u>	<u>\$ 13,853,538</u>	<u>\$ 11,100,014</u>	<u>\$ 47,647,015</u>

Deferred Compensation Plan

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

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

Benefits Provided

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

Contributions

The contribution requirements of plan members and the participating employers are established and may be amended by the City. The City's required contribution, actuarially determined, is based on a combination of projected pay-as-you-go financing, with an additional amount to prefund benefits when earned. Contributions are not based on a measure of pay. The contractually required contribution for the year ended September 30, 2024 was \$42,296. Actual contributions to the OPEB Plan were \$42,296 for the year ended September 30, 2024. Retiree plan members receiving benefits contributed to pay-as-you-go financing through their required contributions for health insurance premiums.

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability

The measurement date is September 30, 2024, based on an actuarial valuation dated October 1, 2022 and rolled forward to September 30, 2024. The reporting period is October 1, 2023 through September 30, 2024.

The Sponsor’s total OPEB liability of \$716,066 (comprised of \$649,922 for City and \$66,144 for Palatka Gas Authority) was measured as of September 30, 2024.

Actuarial Assumptions and Other Inputs

Table

Inflation rate	2.50%
Salary increase rate(s)	Varies by service
Discount rate	4.87%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53
All mortality rates were based on the Pub-2010 mortality tables.	

Discount Rate

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

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City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Change in Total OPEB Liability

Changes for the year:	
Service cost	\$ -
Interest	-
Difference between expected and actual experience	-
Changes of assumptions and actual experience	-
Benefit payments	-
Net changes	-
Total OPEB liability - beginning of reporting period	716,066
Total OPEB liability - end of reporting period	\$ 716,066

Changes in assumptions reflect a change in the discount rate from 4.87% for the reporting period ended September 30, 2023, to 4.87% for the reporting period ended September 30, 2024.

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

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

	1% Decrease	Current	Discount Rate	1% Increase
	3.87%	4.87%	4.87%	5.87%
Total OPEB liability - City	\$ 718,070	\$ 649,922	\$ 649,922	\$ 584,871
Total OPEB liability - PGA	76,871	66,144	66,144	62,612
Total OPEB liability	\$ 794,941	\$ 716,066	\$ 716,066	\$ 647,483

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

	Healthcare Cost		
	1% Decrease 3.00% - 7.50%	Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB liability - City	\$ 563,867	\$ 649,922	\$ 745,987
Total OPEB liability - PGA	60,363	66,144	79,859
Total OPEB liability	\$ 624,230	\$ 716,066	\$ 825,846

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

For the year ended September 30, 2024, the Sponsor recognized OPEB expense of \$57,948, including \$5,604 for the Palatka Gas Authority.

On September 30, 2024, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

Year ending September 30,	City	PGA	Total
2024	\$ (28,744)	\$ (3,077)	\$ (31,821)
2025	(36,768)	(3,936)	(40,704)
2026	(32,963)	(3,529)	(36,492)
2027	(1,116)	(119)	(1,235)
2028	-	-	-
Thereafter	-	-	-
Total	\$ (99,592)	\$ (10,660)	\$ (110,252)

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, health benefits, property damage, and errors and omissions. To manage its risks, the City participates in the Florida League of Cities Self Insurance Fund (the "Fund") a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

based on certain actual exposures of each member. The City's settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 12 - CONTINGENCIES

The City is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the City as of September 30, 2024.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through June 26, 2025, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

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

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

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

City of Palatka, Florida
Notes to Financial Statements
Year Ended September 30, 2024

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

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

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

Required Supplementary Information

City of Palatka, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 6,398,090	\$ 6,398,090	\$ 6,294,743	\$ (103,347)
Permits, fees and special assessments	3,102,618	3,102,618	3,438,007	335,389
Intergovernmental	1,243,626	1,243,626	1,377,989	134,363
Charges for services	214,000	214,000	438,433	224,433
Fines and forfeitures	88,500	88,500	137,980	49,480
Miscellaneous	808,896	808,896	1,557,516	748,620
Total revenues	<u>11,855,730</u>	<u>11,855,730</u>	<u>13,244,668</u>	<u>1,388,938</u>
Expenditures:				
Current:				
General government	4,042,053	4,042,053	3,625,445	416,608
Public safety	7,533,085	7,533,085	7,832,908	(299,823)
Physical environment	-	-	-	-
Transportation	1,437,033	1,437,033	1,156,931	280,102
Economic environment	-	-	-	-
Human services	152,350	152,350	81,289	71,061
Culture and recreation	1,100,120	1,100,120	724,506	375,614
Capital outlay	828,777	828,777	1,470,573	(641,796)
Debt service				
Principal retirement	373,161	373,161	323,337	49,824
Interest and fiscal charges	71,544	71,544	31,899	39,645
Total expenditures	<u>15,538,123</u>	<u>15,538,123</u>	<u>15,246,888</u>	<u>291,235</u>
Excess of revenues over expenditures	<u>(3,682,393)</u>	<u>(3,682,393)</u>	<u>(2,002,220)</u>	<u>1,680,173</u>
Other financing sources (uses):				
Operating transfer in	2,391,264	2,391,264	2,299,063	(92,201)
Operating transfer out	(790,382)	(790,382)	(377,142)	413,240
Issuance of debt	-	-	-	-
Capital lease issuance	-	-	-	-
Sale of surplus property	-	-	368,137	368,137
Capital contributions	-	-	-	-
Reserves	2,081,511	2,081,511	-	(2,081,511)
Total other financing sources (uses):	<u>3,682,393</u>	<u>3,682,393</u>	<u>2,290,058</u>	<u>(1,392,335)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>287,838</u>	<u>\$ 287,838</u>
Fund balances - beginning of year			6,682,654	
Fund balance, end of year			<u>\$ 6,970,492</u>	

See the accompanying notes.

City of Palatka, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Downtown Redevelopment Agency Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 849,914	\$ 849,914	\$ 819,422	\$ (30,492)
Miscellaneous	-	-	2,200	2,200
Total revenues	<u>849,914</u>	<u>849,914</u>	<u>821,622</u>	<u>(28,292)</u>
Expenditures:				
Economic environment	<u>828,296</u>	<u>828,296</u>	<u>217,095</u>	<u>611,201</u>
Total expenditures	<u>828,296</u>	<u>828,296</u>	<u>217,095</u>	<u>611,201</u>
Excess of revenues over expenditures	<u>21,618</u>	<u>21,618</u>	<u>604,527</u>	<u>582,909</u>
Other financing sources (uses):				
Operating transfer in	1,108,802	1,108,802	-	(1,108,802)
Operating transfer out	(1,130,420)	(1,130,420)	(42,594)	1,087,826
Issuance of debt	-	-	-	-
Capital lease issuance	-	-	-	-
Sale of surplus property	-	-	194,502	194,502
Total other financing sources (uses):	<u>(21,618)</u>	<u>(21,618)</u>	<u>151,908</u>	<u>173,526</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>756,435</u>	<u>\$ 756,435</u>
Fund balances - beginning of year			<u>1,742,873</u>	
Fund balance, end of year			<u>\$ 2,499,308</u>	

See the accompanying notes.

City of Palatka, Florida
Notes to Budgetary Comparison Schedules
September 30, 2024

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

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

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

Annual budgets are adopted for all governmental funds.

City of Palatka, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
General Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 591,230	\$ 483,533	\$ 407,022	\$ 462,352	\$ 469,426	\$ 393,661	\$ 423,870	\$ 386,138	\$ 340,525	\$ 347,579
Interest	2,008,685	1,976,615	1,985,787	1,952,058	1,943,145	1,894,079	1,872,580	1,807,530	1,707,988	1,684,998
Changes in benefit terms	845,441	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	531,657	193,303	(651,079)	246,792	173,030	404,844	23,255	408,495	(74,220)	24,797
Changes of assumptions	-	-	-	89,552	(145,479)	249,474	238,967	257,491	1,236,245	-
Benefit payments, including refunds of employee contributions	(2,648,701)	(2,006,842)	(1,877,528)	(1,898,267)	(2,048,357)	(2,048,737)	(1,826,224)	(1,713,924)	(1,737,850)	(1,788,086)
Net changes in total pension liability	1,328,312	646,609	(135,798)	852,487	391,765	893,321	732,448	1,145,730	1,472,688	269,288
Total pension liability-beginning	27,877,514	27,230,905	27,366,703	26,514,216	26,122,451	25,229,130	24,496,682	23,350,953	21,878,265	21,608,977
Total pension liability-ending (a)	29,205,826	27,877,514	27,230,905	27,366,703	26,514,216	26,122,451	25,229,130	24,496,682	23,350,953	21,878,265
Total fiduciary net position										
Contributions										
Employer	1,686,668	1,508,293	1,420,542	1,259,075	1,354,046	1,062,017	866,294	739,093	679,864	686,545
Employee	328,572	276,296	235,222	212,266	221,385	209,178	188,324	192,427	175,818	169,514
Net investment income	4,373,617	1,325,651	(3,889,387)	3,437,739	1,389,220	771,522	994,227	1,528,570	1,554,168	(410,102)
Benefit payments, including refunds of employee contributions	(2,648,701)	(2,006,842)	(1,877,528)	(1,898,267)	(2,048,357)	(2,048,737)	(1,826,224)	(1,713,924)	(1,737,850)	(1,788,086)
Administrative expense	(63,438)	(45,458)	(51,134)	(36,749)	(51,912)	(34,739)	(33,995)	(29,451)	(34,904)	(27,955)
Net changes in plan fiduciary net position	3,676,718	1,057,940	(4,162,285)	2,974,064	864,382	(40,759)	188,626	716,715	637,096	(1,370,084)
Plan fiduciary net position-beginning	19,016,745	17,958,805	22,121,090	19,147,026	18,282,644	18,323,403	18,134,777	17,418,063	16,780,967	18,151,051
Plan fiduciary net position-ending	22,693,463	19,016,745	17,958,805	22,121,090	19,147,026	18,282,644	18,323,403	18,134,777	17,418,063	16,780,967
Net pension liability-ending (a)-(b)	\$ 6,512,363	\$ 8,860,769	\$ 9,272,100	\$ 5,245,613	\$ 7,367,190	\$ 7,839,807	\$ 6,905,727	\$ 6,361,905	\$ 5,932,890	\$ 5,097,298
Plan fiduciary net position as a percentage of the total pension liability	77.70%	68.22%	65.95%	80.83%	72.21%	69.99%	72.63%	74.03%	74.59%	76.70%
Covered payroll	\$ 5,476,200	\$ 3,920,363	\$ 3,689,497	\$ 3,689,497	\$ 3,689,497	\$ 3,486,295	\$ 3,148,480	\$ 3,197,367	\$ 2,930,299	\$ 2,979,727
Net pension liability as a percentage of covered payroll	118.92%	226.02%	251.31%	142.18%	199.68%	224.88%	219.34%	198.97%	202.47%	171.07%

Notes to the Schedule

- For measurement date 09/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.40%
- For measurement date 09/30/2020, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.60% to 7.50%
- For measurement date 09/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.70% to 7.60%
- For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.80% to 7.70%
- For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%
- In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report (FRS herein is the Florida Retirement System).
- For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an experience study dated Sept. 20, 2016:
- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.
 - The assumed interest rate was lowered from 8.0% to 7.9%.
 - The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.
 - The assumed rates for Normal Retirement increased for all ages.
 - The assumed rates of disability decreased by changing from Table 1207 to Table 1201.
 - The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption used by the Plan's investment consultant.

City of Palatka, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

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

Plan fiduciary net position as a percentage of the total pension liability	87.27%	78.68%	75.56%	96.24%	87.95%	87.27%	86.51%	89.80%	92.30%	89.47%
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Covered payroll	\$ 1,928,555	\$ 1,604,052	\$ 1,544,776	\$ 1,449,328	\$ 1,484,076	\$ 1,542,023	\$ 1,396,791	\$ 1,436,141	\$ 1,354,573	\$ 1,433,319
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Net pension liability as a percentage of covered payroll	104.81%	195.99%	232.17%	36.99%	109.51%	108.72%	128.28%	87.46%	62.98%	78.90%
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Notes to the Schedule

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

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

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

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

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

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

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

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.

- The assumed interest rate was lowered from 8.00% to 7.9%.

- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.

- The assumed rates for Normal Retirement increased for all ages.

- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.

- The inflation assumption rate was lowered from 3.00% to 2.07%, matching the long-term inflation assumption used by the Plan's investment consultant.

City of Palatka, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Firefighters' Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

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

Plan fiduciary net position as a percentage of the total pension liability	84.69%	76.25%	68.50%	86.69%	74.18%	71.17%	74.09%	74.86%	72.95%	74.63%
Covered payroll	\$ 1,631,486	\$ 1,596,087	\$ 1,408,294	\$ 1,203,064	\$ 1,260,206	\$ 1,138,039	\$ 1,069,725	\$ 1,020,044	\$ 880,247	\$ 934,724
Net pension liability as a percentage of covered payroll	122.96%	177.95%	272.14%	126.92%	232.40%	275.66%	246.84%	240.70%	288.79%	253.51%

Notes to the Schedule

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

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

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

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

For measurement date 09/30/2017, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.90% to 7.80%

In addition, the assumed rates of mortality were changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS

valuation report (FRS herein is the Florida Retirement System).

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

- The assumed rate of individual salary increases was changed from a 5.50% each year to a service-based table.

- The assumed interest rate was lowered from 8.00% to 7.9%.

- The assumed rates of mortality were changed to match what is used by FRS for non-special risk participants.

- The assumed rates for Normal Retirement increased for all ages.

- The assumed rates of disability decreased by changing from Table 1207 to Table 1201.

- The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption used by the Plan's investment consultant.

City of Palatka, Florida
Schedule of Employer Contributions
General Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,686,669	\$ 1,547,256	\$ 1,395,649	\$ 1,238,303	\$ 1,354,046	\$ 1,063,320	\$ 864,991	\$ 716,210	\$ 679,829	\$ 686,530
Contribution in relation to the actuarially determined contributions	1,686,668	1,508,293	1,420,542	1,259,075	1,354,046	1,062,017	1,077,055	931,520	679,825	686,545
Contribution deficiency (excess)	\$ 1	\$ 38,963	\$ (24,893)	\$ (20,772)	\$ -	\$ 1,303	\$ (212,064)	\$ (215,310)	\$ 4	\$ (15)
Covered payroll	\$ 5,476,200	\$ 4,604,929	\$ 3,920,363	\$ 3,538,009	\$ 3,689,497	\$ 3,689,497	\$ 3,486,295	\$ 3,148,480	\$ 3,197,367	\$ 2,930,299
Contributions as a percentage of covered payroll	30.80%	32.75%	36.23%	35.59%	36.70%	28.78%	30.89%	29.59%	21.26%	23.43%

Notes to the Schedule

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

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

Valuation Date for FY 2024 contribution 10/1/2022

Methods and assumption used to determine contribution rates:

Mortality rates:

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

Interest rate:

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

Retirement age:

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

Salary increases:

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

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Marital status:

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

Funding method:

Entry Age Normal

Actuarial asset method:

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

Disability and termination rates:

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

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

City of Palatka, Florida
Schedule of Employer Contributions
Police Officers' Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 493,710	\$ 466,779	\$ 441,806	\$ 352,187	\$ 348,758	\$ 356,207	\$ 282,152	\$ 189,571	\$ 222,150	\$ 260,864
Contribution in relation to the actuarially determined contributions	505,259	482,477	429,200	334,436	360,829	365,222	226,897	254,123	222,154	260,955
Contribution deficiency (excess)	\$ (11,549)	\$ (15,698)	\$ 12,606	\$ 17,751	\$ (12,071)	\$ (9,015)	\$ 55,255	\$ (64,552)	\$ (4)	\$ (91)
Covered payroll	\$ 1,928,555	\$ 1,604,052	\$ 1,544,776	\$ 1,449,328	\$ 1,449,328	\$ 1,484,076	\$ 1,542,023	\$ 1,396,791	\$ 1,436,141	\$ 1,354,573
Contributions as a percentage of covered payroll	26.20%	30.08%	27.78%	23.08%	24.90%	24.61%	14.71%	18.19%	15.47%	19.26%

Notes to the Schedule

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

Valuation Date for FY 2024 contribution 10/1/2022

Methods and assumption used to determine contribution rates:

Mortality rates:

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

Interest rate:

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

Retirement age:

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

Salary increases:

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

Payroll growth:

None, for purpose of amortizing the unfunded actuarial liability

Funding method:

Entry Age Normal

Actuarial asset method:

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

Disability and termination rates:

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

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

City of Palatka, Florida
Schedule of Employer Contributions
Firefighters' Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 575,915	\$ 721,431	\$ 657,673	\$ 549,800	\$ 585,996	\$ 512,117	\$ 482,446	\$ 455,959	\$ 380,267	\$ 345,915
Contribution in relation to the actuarially determined contributions	562,930	734,416	653,489	550,113	584,489	511,475	488,466	455,965	380,264	345,912
Contribution deficiency (excess)	\$ 12,985	\$ (12,985)	\$ 4,184	\$ (313)	\$ 1,507	\$ 642	\$ (6,020)	\$ (6)	\$ 3	\$ 3
Covered payroll	\$ 1,631,486	\$ 1,596,087	\$ 1,408,294	\$ 1,203,064	\$ 1,260,206	\$ 1,260,206	\$ 1,138,039	\$ 1,069,725	\$ 1,020,044	\$ 880,247
Contributions as a percentage of covered payroll	34.50%	46.01%	46.40%	45.73%	46.38%	40.59%	42.92%	42.62%	37.28%	39.30%

Notes to the Schedule

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

Valuation Date for FY 2024 contribution 10/1/2022

Methods and assumption used to determine contribution rates:

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

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

Retirement age:

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

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

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

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

Funding method: Entry Age Normal

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

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

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

City of Palatka, Florida
Schedule of Investment Returns
Pension Plan
Year Ended September 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	General Plan		2017	2016	2015
						2019	2018			
Annual money-weighted rate of return, net of investment expenses	23.33%	7.45%	-17.75%	18.21%	7.73%	4.35%	5.61%	8.99%	9.55%	-2.32%
						Police Officers' Plan				
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	22.65%	8.27%	-16.46%	19.55%	8.78%	3.58%	7.27%	11.32%	9.54%	-3.91%
						Firefighters' Plan				
	2023	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	22.40%	7.73%	-16.95%	19.05%	8.88%	3.77%	7.18%	11.32%	9.21%	-3.92%

City of Palatka, Florida
Schedule of Change in City's Other Postemployment Benefit Plan
Liability and Related Ratios
Year Ended September 30, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ -	\$ 50,452	\$ 68,198	\$ 71,027	\$ -	\$ 43,970	\$ 47,262
Interest	-	33,832	17,713	18,379	-	25,549	22,375
Difference between expected and actual experience	-	-	(159,593)	106,153	-	-	-
Changes of assumptions	-	(7,400)	(51,971)	(25,250)	-	67,368	(55,452)
Benefit payments	-	(38,796)	(33,252)	(29,997)	-	(14,973)	(13,800)
Net changes in total OPEB liability	-	38,088	(158,905)	140,312	-	121,914	385
Total OPEB liability-beginning	716,066	677,978	836,883	696,571	696,571	574,657	574,272
Total OPEB liability-ending	716,066	716,066	677,978	836,883	696,571	696,571	574,657
Covered payroll	\$ 6,564,605	\$ 6,564,605	\$ 6,232,190	\$ 6,232,190	\$ 6,232,190	\$ 6,243,122	\$ 5,930,690
Net pension liability as a percentage of covered payroll	10.91%	10.91%	10.88%	13.43%	11.18%	11.16%	9.69%

Notes to the Schedule

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

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

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

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

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

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

Supplementary Information

City of Palatka, Florida
Major Governmental Capital Project Fund
September 30, 2024

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

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

City of Palatka, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Better Place Plan Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,329,788	\$ 1,329,788	\$ 1,346,793	\$ 17,005
Intergovernmental	6,233,044	6,233,044	807,171	(5,425,873)
Total revenues	<u>7,562,832</u>	<u>7,562,832</u>	<u>2,153,964</u>	<u>(5,408,868)</u>
Expenditures:				
Current:				
General government	7,463,774	7,463,774	588,017	6,875,757
Capital outlay	5,025,722	5,025,722	1,446,758	3,578,964
Debt service				
Principal retirement	69,724	69,724	69,724	-
Interest and fiscal charges	13,622	13,622	13,622	-
Total expenditures	<u>12,572,842</u>	<u>12,572,842</u>	<u>2,118,121</u>	<u>10,454,721</u>
Excess of revenues over expenditures	<u>(5,010,010)</u>	<u>(5,010,010)</u>	<u>35,843</u>	<u>5,045,853</u>
Other financing sources (uses):				
Operating transfer in	867,831	867,831	-	(867,831)
Operating transfer out	-	-	(3,358)	(3,358)
Capital lease issuance	3,000,000	3,000,000	-	(3,000,000)
Reserves	1,142,179	1,142,179		
Total other financing sources (uses):	<u>5,010,010</u>	<u>5,010,010</u>	<u>(3,358)</u>	<u>(5,013,368)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	32,485	<u>\$ 32,485</u>
Fund balances - beginning of year			<u>1,171,705</u>	
Fund balance, end of year			<u>\$ 1,204,190</u>	

City of Palatka, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Special Revenue Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 2,193,181	\$ 2,193,181	\$ 441,659	\$ (1,751,522)
Total revenues	<u>2,193,181</u>	<u>2,193,181</u>	<u>441,659</u>	<u>(1,751,522)</u>
Expenditures:				
General government	50,000	50,000	341,421	(291,421)
Capital outlay	2,143,181	2,143,181	100,238	2,042,943
Total expenditures	<u>2,193,181</u>	<u>2,193,181</u>	<u>441,659</u>	<u>1,751,522</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Operating transfer in	-	-	-	-
Operating transfer out	-	-	(4,881)	(4,881)
Issuance of debt	-	-	-	-
Capital lease	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>(4,881)</u>	<u>(4,881)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(4,881)	<u>\$ (4,881)</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ (4,881)</u>	

Statistical Section (unaudited)

City of Palatka, Florida
Statistical Section
September 30, 2024

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

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

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

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Government Activities										
Net Investment in Capital Assets	\$ 12,679,116	\$ 12,532,966	\$ 13,804,049	\$ 15,939,443	\$ 15,588,396	\$ 16,548,465	\$ 17,546,712	\$ 20,209,112	\$ 26,147,986	\$ 25,054,992
Restricted	624,403	1,264,580	1,312,154	1,021,993	1,333,192	1,826,138	1,455,862	2,649,215	3,286,133	4,059,441
Unrestricted	(1,856,659)	(3,030,254)	(2,490,897)	(3,636,491)	(3,620,052)	(2,460,517)	3,024,062	4,174,169	1,408,394	3,696,329
Total Governmental Activities Net Position	\$ 11,446,860	\$ 10,767,292	\$ 12,625,306	\$ 13,324,945	\$ 13,301,536	\$ 15,914,086	\$ 22,026,636	\$ 27,032,496	\$ 30,842,513	\$ 32,810,762
Business-Type Activities										
Net Investment in Capital Assets	\$ 37,721,799	\$ 37,456,909	\$ 36,415,452	\$ 36,963,783	\$ 37,042,784	\$ 38,662,341	\$ 40,434,532	\$ 42,015,142	\$ 47,836,865	\$ 47,862,365
Restricted	334,897	334,285	334,196	8,095	8,095	8,095	8,095	8,095	8,095	8,095
Unrestricted	(439,062)	(875,644)	(403,255)	(814,056)	(241,367)	1,729,503	2,523,288	4,127,449	4,025,946	11,027,978
Total Business-Type Net Position	\$ 37,617,634	\$ 36,915,550	\$ 36,346,393	\$ 36,157,822	\$ 36,809,512	\$ 40,399,939	\$ 42,965,915	\$ 46,150,686	\$ 51,870,906	\$ 58,898,438
Primary Government										
Net Investment in Capital Assets	\$ 50,400,915	\$ 49,989,875	\$ 50,219,501	\$ 52,903,226	\$ 52,631,180	\$ 55,210,806	\$ 57,981,244	\$ 62,224,254	\$ 73,984,851	\$ 72,917,357
Restricted	959,300	1,598,865	1,646,350	1,030,088	1,341,287	1,834,233	1,463,957	2,657,310	3,294,228	4,067,536
Unrestricted	(2,295,721)	(3,905,898)	(2,894,152)	(4,450,547)	(3,861,419)	(731,014)	5,547,350	8,301,618	5,434,340	14,724,307
Total Primary Government Net Position	\$ 49,064,494	\$ 47,682,842	\$ 48,971,699	\$ 49,482,767	\$ 50,111,048	\$ 56,314,025	\$ 64,992,551	\$ 73,183,182	\$ 82,713,419	\$ 91,709,200

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Government Activities:										
General Government	\$ 1,901,557	\$ 2,008,770	\$ 1,828,406	\$ 2,727,715	\$ 2,551,615	\$ 2,428,291	\$ 3,682,728	\$ 10,427,156	\$ 7,458,215	\$ 5,498,899
Public Safety	7,279,129	7,380,867	7,015,197	6,269,939	6,560,527	6,240,590	4,330,489	6,825,346	6,259,573	8,439,505
Physical Environment	408,379	91,593	233,000	626,037	7,379	-	-	-	-	-
Transportation	115,762	505,409	861,820	381,563	1,120,143	950,513	835,937	1,099,756	1,148,726	1,706,442
Economic Environment	146,709	92,509	121,398	78,587	222,250	97,331	129,677	378,395	78,619	175,517
Human Services	178,223	78,523	37,322	69,468	34,219	39,416	70,671	99,220	80,922	88,888
Culture and Recreation	383,685	479,185	348,255	1,529,633	767,710	745,791	667,579	785,510	965,895	1,040,210
Interest on Long-Term Debt	61,641	56,534	46,948	35,048	26,173	143,738	47,482	42,764	35,049	45,521
Total Governmental Activities Expenses	\$ 10,475,085	\$ 10,693,390	\$ 10,492,346	\$ 11,717,990	\$ 11,290,016	\$ 10,645,670	\$ 9,764,563	\$ 19,658,147	\$ 16,026,999	\$ 16,994,982
Business-Type Activities:										
Airport	\$ 1,490,532	\$ 1,433,879	\$ 1,563,492	\$ 1,658,643	\$ 1,692,235	\$ 1,575,106	\$ 1,821,295	\$ 2,618,225	\$ 2,156,530	\$ 1,983,167
Water	4,897,142	4,820,628	5,064,916	5,126,552	6,377,706	4,582,273	4,813,693	7,833,032	7,079,640	6,419,554
Golf Course	975,398	990,203	434,136	184,179	313,114	268,326	272,266	370,392	443,201	244,558
Sanitation	1,498,411	1,687,785	1,812,266	1,965,515	1,925,934	1,997,853	1,868,155	1,796,345	2,466,360	2,704,834
Total Business-type Activities Expenses	8,861,483	8,932,495	8,874,810	8,934,889	10,308,989	8,423,558	8,775,409	12,617,994	12,145,731	11,352,113
Total Primary Government Expenses	\$ 19,336,568	\$ 19,625,885	\$ 19,367,156	\$ 20,652,879	\$ 21,599,005	\$ 19,069,228	\$ 18,539,972	\$ 32,276,141	\$ 28,172,730	\$ 28,347,095
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 107,744	\$ 108,498	\$ 113,410	\$ 90,743	\$ 98,531	\$ 150,407	\$ 238,627	\$ 192,964	\$ 168,166	\$ 188,176
Public Safety	1,015,140	855,598	1,129,789	1,902,535	1,556,549	1,566,735	1,662,111	1,841,316	1,866,153	2,225,525
Other	199,565	153,721	149,957	143,004	140,832	189,160	194,537	133,582	67,564	500,629
Operating Grants and Contributions	794,957	886,922	884,023	1,033,856	2,041,573	535,522	3,055,592	2,868,124	452,845	309,758
Capital Grants and Contributions	2,362,571	1,041,768	1,820,801	2,758,409	167,338	1,539,450	373,962	184,362	5,688,804	1,248,831
Total Government Activities Program Revenues	\$ 4,479,977	\$ 3,046,507	\$ 4,097,980	\$ 5,928,547	\$ 4,004,823	\$ 3,981,274	\$ 5,524,829	\$ 5,220,348	\$ 8,243,532	\$ 4,472,919
Business-type Activities:										
Charges for Services:										
Airport	\$ 781,847	\$ 723,767	\$ 808,116	\$ 867,455	\$ 932,937	\$ 857,692	\$ 1,073,635	\$ 1,260,892	\$ 1,172,975	\$ 869,460
Water	4,350,056	4,843,922	5,006,669	5,950,043	6,007,511	6,482,818	7,153,131	8,965,660	7,932,537	8,830,556
Golf Course	704,846	665,847	178,198	65,168	94,760	93,756	106,506	124,956	123,872	122,323
Sanitation	1,641,581	1,652,675	1,719,726	1,860,875	2,169,518	2,372,742	2,542,335	3,673,720	3,229,006	3,553,156
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,724,898	361,721	820,508	454,178	2,360,920	3,004,460	1,598,364	3,108,625	5,739,371	6,833,757
Total Business-type Activities Program Revenues	\$ 9,203,228	\$ 8,247,932	\$ 8,533,217	\$ 9,197,719	\$ 11,565,646	\$ 12,811,468	\$ 12,473,971	\$ 17,133,853	\$ 18,197,761	\$ 20,209,252
Total Primary Government Revenues	\$ 13,683,205	\$ 11,294,439	\$ 12,631,197	\$ 15,126,266	\$ 15,570,469	\$ 16,792,742	\$ 17,998,800	\$ 22,354,201	\$ 26,441,293	\$ 24,682,171
Net (Expense)/Revenue										
Governmental Activities										
General Government	\$ (5,995,108)	\$ (7,646,883)	\$ (6,394,366)	\$ (5,789,443)	\$ (7,285,193)	\$ (6,664,396)	\$ (4,239,734)	\$ (14,437,799)	\$ (7,783,467)	\$ (12,522,063)
Business-type Activities	341,745	(684,563)	(341,593)	262,830	1,256,657	4,387,910	3,698,562	4,515,859	6,052,030	8,857,139
Total Primary Government Net Expense	\$ (5,653,363)	\$ (8,331,446)	\$ (6,735,959)	\$ (5,526,613)	\$ (6,028,536)	\$ (2,276,486)	\$ (541,172)	\$ (9,921,940)	\$ (1,731,437)	\$ (3,664,924)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 3,501,720	\$ 2,751,117	\$ 2,573,515	\$ 2,817,740	\$ 2,993,993	\$ 3,191,578	\$ 3,348,931	\$ 3,572,990	\$ 3,917,898	\$ 4,697,289
Sales Tax and Other State Shared Revenue	794,451	836,379	875,598	919,960	944,007	2,540,796	2,874,246	2,586,742	2,662,531	2,488,654
Special Assessment-Fire Protection	-	948,803	1,653,302	-	-	-	-	-	-	-
Franchise Fees	837,391	813,569	799,700	797,257	744,975	760,305	835,903	1,170,290	1,161,627	1,142,870
Other Taxes	1,141,195	1,154,169	1,389,860	1,470,465	1,484,626	1,500,768	1,565,915	2,195,035	2,382,462	2,705,082
Investment Earnings	1,829	1,850	2,668	2,753	40,053	41,551	6,122	22,569	230,234	644,486
Contribution from component unit	300,000	250,000	159,210	186,626	176,382	181,203	189,379	45,766	41,528	46,287
Miscellaneous	115,964	120,432	90,106	147,351	254,830	251,481	403,716	951,067	311,272	658,833
Loss on sale of Land	-	-	-	-	-	-	-	-	-	-
Transfers	(19,536)	90,996	(68,790)	374,746	622,918	809,264	1,128,072	1,331,916	690,428	1,871,088
Total Government Activities	\$ 6,673,014	\$ 6,967,315	\$ 7,475,169	\$ 6,716,898	\$ 7,261,784	\$ 9,276,946	\$ 10,352,284	\$ 11,876,375	\$ 11,397,980	\$ 14,254,589
Business-type Activities:										
Investment Earnings	\$ 209	\$ 1,117	\$ 144	\$ 9,468	\$ 10,809	\$ 4,686	\$ 77	\$ 207	\$ 1,559	\$ 5,335
Miscellaneous	101,196	72,358	84,426	1,538	7,142	4,422	2,661	621	13,400	214,557
Transfers	19,536	(90,996)	68,790	(374,746)	(622,918)	(809,264)	(1,128,072)	(1,331,916)	(690,428)	(1,871,088)
Total Business-type Activities	\$ 120,941	\$ (17,521)	\$ 153,360	\$ (363,740)	\$ (604,967)	\$ (800,156)	\$ (1,125,334)	\$ (1,331,088)	\$ (675,469)	\$ (1,651,196)
Total Primary Government	\$ 6,793,955	\$ 6,949,794	\$ 7,628,529	\$ 6,353,158	\$ 6,656,817	\$ 8,476,790	\$ 9,226,950	\$ 10,545,287	\$ 10,722,511	\$ 12,603,393
Changes in Net Position										
Governmental Activities										
General Government	\$ 677,906	\$ (679,568)	\$ 1,080,803	\$ 927,455	\$ (23,409)	\$ 2,612,550	\$ 6,112,550	\$ (2,561,424)	\$ 3,578,513	\$ 1,732,526
Business-type Activities	462,686	(702,084)	(188,233)	(100,910)	651,690	3,587,754	2,573,228	3,184,771	5,376,561	7,205,943
Total Primary Government	\$ 1,140,592	\$ (1,381,652)	\$ 892,570	\$ 826,545	\$ 628,281	\$ 6,200,304	\$ 8,685,778	\$ 623,347	\$ 8,955,074	\$ 8,938,469

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 6,141,460	\$ 5,456,735	\$ 5,580,458	\$ 5,966,997	\$ 6,212,465	\$ 6,294,709	\$ 6,706,680	\$ 7,199,215	\$ 7,718,201	\$ 8,460,958
Permits, fees and special assessments	1,076,832	1,915,657	2,621,392	2,259,082	2,074,289	2,080,783	2,362,449	2,781,264	2,873,169	3,438,007
Intergovernmental	1,636,665	2,102,242	1,513,660	3,421,419	1,358,140	3,006,045	4,523,334	6,162,395	7,306,439	2,626,819
Charges for Services	295,691	212,004	180,804	207,554	277,697	320,129	302,854	362,433	242,920	438,433
Fines and Forfeitures	630,674	597,665	884,679	343,332	41,873	58,407	54,535	73,485	100,781	137,980
Miscellaneous	1,210,711	591,814	437,286	578,637	774,602	688,883	799,189	1,235,666	709,565	1,559,716
Total Revenues	\$ 10,992,033	\$ 10,876,117	\$ 11,218,279	\$ 12,777,021	\$ 10,739,066	\$ 12,448,956	\$ 14,749,041	\$ 17,814,458		\$ 16,661,913
Expenditures										
General Government	\$ 1,251,002	\$ 1,243,328	\$ 1,485,611	\$ 3,633,916	\$ 2,119,997	\$ 4,232,985	\$ 3,297,542	\$ 9,847,375	\$ 7,316,192	\$ 4,554,883
Public Safety	6,402,949	6,141,403	6,163,129	5,926,197	5,957,234	5,991,935	5,981,621	6,493,489	7,140,052	7,832,908
Physical Environment	404,042	85,925	233,000	356,376	467	-	-	50,000	-	-
Transportation	477,959	474,693	814,121	794,787	1,049,281	792,401	671,825	866,933	896,002	1,156,931
Economic Environment	146,709	92,509	121,398	78,587	298,292	97,331	129,677	323,124	78,619	175,517
Human Services	178,712	78,256	33,753	62,557	34,219	33,104	29,227	44,336	75,895	81,289
Culture and Recreation	2,361,161	553,865	1,672,744	2,150,486	695,485	563,282	485,070	534,287	777,168	724,506
Debt Service										
Principal Retirement	488,900	534,247	592,062	602,715	548,989	302,083	277,748	254,198	332,053	393,061
Interest and Fiscal Charges	61,641	56,534	46,948	35,048	26,173	143,738	47,482	42,764	35,049	45,521
Total Expenditures	\$ 11,773,075	\$ 9,260,760	\$ 11,162,766	\$ 13,640,669	\$ 10,730,137	\$ 12,156,859	\$ 10,920,192	\$ 18,456,506		\$ 14,964,616
Excess of Revenues Over (Under) Expenditures	\$ (781,042)	\$ 1,615,357	\$ 55,513	\$ (863,648)	\$ 8,929	\$ 292,097	\$ 3,828,849	\$ (642,048)	\$ 2,300,045	\$ 1,697,297
Other Financing Sources (Uses)										
Capital Lease Issuance	\$ 389,000	\$ -	\$ 56,413	\$ 680,000	\$ 253,966	\$ 514,940	\$ 416,882	\$ -	\$ -	\$ -
Transfer In	482,992	782,517	1,344,802	1,695,017	1,172,741	1,188,850	1,365,562	7,063,194	1,586,592	2,299,063
Transfer Out	(502,528)	(691,521)	(1,413,592)	(1,320,271)	(549,823)	(379,586)	(237,490)	(5,731,278)	(896,164)	(427,975)
Payment to refunded bonds escrow agent	-	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 369,464	\$ 90,996	\$ (12,377)	\$ 1,054,746	\$ 876,884	\$ 1,324,204	\$ 1,544,954	\$ 1,331,916		\$ 1,871,088
Special items										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (411,578)	\$ 1,706,353	\$ 43,136	\$ 191,098	\$ 885,813	\$ 1,616,301	\$ 5,373,803	\$ 689,868	\$ 2,300,045	\$ 3,568,385
Acquisition of Capital Assets	\$ 2,856,864	\$ 467,291	\$ 1,627,247	\$ 3,215,979	\$ 673,226	\$ 2,110,597	\$ 1,612,955	\$ 3,523,243	\$ 3,523,243	\$ 3,523,243
Debt Service as a Percentage of Non-Capital Expenditures	6.17%	6.72%	6.70%	6.12%	5.72%	4.28%	3.41%	1.44%	2.62%	3.70%

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues											
Taxes	\$ 5,871,626	\$ 5,844,953	\$ 6,027,416	\$ 6,141,460	\$ 5,456,735	\$ 5,580,458	\$ 5,966,997	\$ 6,212,465	\$ 6,294,709	\$ 6,706,680	\$ 8,460,958
Permits, fees and special assessments	758,887	990,001	961,392	1,076,832	1,915,657	2,621,392	2,259,082	2,074,289	2,080,783	2,362,449	3,438,007
Intergovernmental	2,029,005	1,185,395	998,824	1,636,665	2,102,242	1,513,660	3,421,419	1,358,140	3,006,045	4,523,334	2,626,819
Charges for Services	209,738	245,095	276,570	295,691	212,004	180,804	207,554	277,697	320,129	302,854	438,433
Fines and Forfeitures	106,623	427,324	838,313	630,674	597,665	884,679	343,332	41,873	58,407	54,535	137,980
Miscellaneous	219,412	719,469	635,493	1,210,711	591,814	437,286	578,637	774,602	688,883	799,189	1,559,716
Total Revenues	\$ 9,195,291	\$ 9,412,237	\$ 9,738,008	\$ 10,992,033	\$ 10,876,117	\$ 11,218,279	\$ 12,777,021	\$ 10,739,066	\$ 12,448,956	\$ 14,749,041	\$ 16,661,913
Expenditures											
General Government	\$ 2,330,934	\$ 1,651,710	\$ 1,184,004	\$ 1,251,002	\$ 1,243,328	\$ 1,485,611	\$ 3,633,916	\$ 2,119,997	\$ 4,232,985	\$ 3,297,542	\$ 4,554,883
Public Safety	5,192,326	5,713,322	6,634,839	6,402,949	6,141,403	6,163,129	5,926,197	5,957,234	5,991,935	5,981,621	7,832,908
Physical Environment	-	-	415,967	404,042	85,925	233,000	356,376	467	-	-	-
Transportation	548,073	486,426	553,104	477,959	474,693	814,121	794,787	1,049,281	792,401	671,825	1,156,931
Economic Environment	349,296	184,981	280,156	146,709	92,509	121,398	78,587	298,292	97,331	129,677	175,517
Human Services	140,296	142,233	164,899	178,712	78,256	33,753	62,557	33,219	29,227	33,104	81,289
Culture and Recreation	465,756	449,350	1,253,442	2,361,161	553,865	1,672,744	2,150,486	695,485	563,282	485,070	724,506
Debt Service											
Principal Retirement	330,468	335,816	534,892	488,900	534,247	592,062	602,715	548,989	302,083	277,748	393,061
Interest and Fiscal Charges	149,483	155,598	67,579	61,641	36,534	46,948	35,048	26,173	143,738	47,482	45,521
Total Expenditures	\$ 9,506,632	\$ 9,119,636	\$ 11,088,902	\$ 11,773,075	\$ 9,260,760	\$ 11,162,766	\$ 13,640,669	\$ 10,730,137	\$ 12,156,859	\$ 10,920,192	\$ 14,964,616
Excess of Revenues Over (Under) Expenditures	\$ (311,341)	\$ 292,601	\$ (1,350,894)	\$ (781,042)	\$ 1,615,357	\$ 55,513	\$ (863,648)	\$ 8,929	\$ 292,097	\$ 3,828,849	\$ 1,697,297
Other Financing Sources (Uses)											
Capital Lease Issuance	\$ 26,009	\$ 300,000	\$ 520,700	\$ 389,000	\$ -	\$ 56,413	\$ 680,000	\$ 253,966	\$ 514,940	\$ 416,882	\$ 1,714,355
Transfer In	1,088,468	685,099	1,308,196	482,992	782,517	1,344,802	1,695,017	1,172,741	1,188,850	1,365,562	2,299,063
Transfer Out	(736,147)	(471,497)	(2,936,715)	(502,528)	(691,521)	(1,413,592)	(1,320,271)	(549,823)	(379,586)	(237,490)	(427,975)
Payment to refunded bonds escrow agent	-	(1,866,667)	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	1,890,000	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 378,330	\$ 536,935	\$ (1,107,819)	\$ 369,464	\$ 90,996	\$ (12,377)	\$ 1,054,746	\$ 876,884	\$ 1,324,204	\$ 1,544,954	\$ 3,385,443
Special items											
Proceeds from sale of land	\$ -	\$ -	\$ 311,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 66,989	\$ 829,336	\$ (2,146,763)	\$ (411,578)	\$ 1,706,353	\$ 43,136	\$ 191,098	\$ 885,813	\$ 1,616,301	\$ 5,373,803	\$ 5,282,740
Acquisition of Capital Assets	\$ 1,157,811	\$ 245,613	\$ 2,137,099	\$ 2,856,864	\$ 467,291	\$ 1,627,247	\$ 3,215,979	\$ 673,226	\$ 2,110,597	\$ 1,612,955	\$ 3,523,243
Debt Service as a Percentage of Non-Capital Expenditures	5.75%	5.54%	6.73%	6.17%	6.72%	6.70%	6.12%	5.72%	4.28%	3.41%	3.70%

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

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

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

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

Source: Putnam County Property Appraiser

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

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

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

Source: Putnam County Tax Collector

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

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

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

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

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

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

Source: Putnam County Property Appraiser

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

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

Table 10
City of Palatka, Florida
Computation of Legal Debt Margin
September 30, 2024

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

Table 11
City of Palatka, Florida
Computation of Direct and Overlapping
Governmental Activities Debt
September 30, 2024

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

Source: Putnam County Board of County Commissioners

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

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

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

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

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

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

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

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

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

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

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

Source: Finance department, audited financial statements

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

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

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

Additional information will be presented as they become available.

Sources:

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

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

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

Source: Putnam County Property Appraiser

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

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

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

Source: Departments of the City

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

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

Source: Individual departments of the city

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

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

Source: City of Palatka Personnel Department

Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund and the aggregate remaining fund information of the City of Palatka, Florida (the ‘City’), as of and for the fiscal 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 June 26, 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 entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 26, 2025

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY
FLORIDA AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Palatka, Florida’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the fiscal year ended September 30, 2024. The City’s major federal programs and state projects are identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, the Uniform Guidance, and Chapter 10.550, we:

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of

compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550 Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated June 26, 2025, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 26, 2025

City of Palatka, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass - Through/ Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>PASS THROUGH: Bureau of Justice Assistance</u>			
Rural Violent Crime Initiative	16.039	15PBJA-21-GK-03942-RURA	\$ 15,000
Florida Department of Law Enforcement	16.738	R7063	20,597
<u>PASS THROUGH: Florida Attorney General</u>			
Victims of Crime Act	16.575	VG214	27,404
<u>Total U.S. Department of Justice</u>			<u>63,001</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<u>PASS THROUGH: Florida Dept of Economic Opportunity</u>			
CDBG MIT Price Martin I0146	14.228	I0146	136,053
Mitigation Program	14.228	IR042	131,432
Mitigation Program	14.228	MT013	7,148
Small Cities Program	14.228	23DB-N27	36,000
CARE Program	14.228	22CV-S05	56,240
<u>Total U.S. Department of Housing and Urban Development</u>			<u>366,873</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>PASS THROUGH: Florida Department of Agriculture</u>			
Rural Business Development Grant	10.351	09-054-504042980	150,000
<u>Total U.S. Department of Agriculture</u>			<u>150,000</u>
<u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
<u>PASS THROUGH: Florida Environmental Protection Agency</u>			
Drinking Water State Revolving Fund Project	66.468	DW540220	1,443,810
Drinking Water State Revolving Fund Project	66.468	DW541901	245,133
<u>Total U.S. Department of Environmental Protection</u>			<u>1,688,943</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
<u>PASSED THROUGH: Florida Division of Emergency Management</u>			
American Rescue Plan Act (ARPA)	21.027	Y5250	446,540
<u>PASSED THROUGH: Florida Dept. of Environmental Protection</u>			
Statewide Water Quality Restoration Project	37.039	LPA0354	327,468
<u>PASSED THROUGH: Florida State Department</u>			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	21.027	23.s3aa39003078	156,485
<u>PASSED THROUGH: Florida Dept. of Commerce</u>			
Coronavirus State and Local Fiscal Recovery Funds (SLFRF)	21.027	D0254	555,518
<u>Total U.S. Department of Treasury</u>			<u>1,486,011</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<u>PASS THROUGH: Federal Aviation Administration</u>			
Airport Improvement Program	20.106	3-12-0061-037-2023	740,304
Airport Improvement Program	20.106	3-12-0061-0-038-2024	102,773
<u>Total U.S. Department of Transportation</u>			<u>843,077</u>
TOTAL FEDERAL AWARDS			<u>\$ 4,597,905</u>

City of Palatka, Florida
Schedule of Expenditures of State Financial Assistance
Year Ended September 30, 2024

<u>STATE AGENCY/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>State CSFA Number</u>	<u>Pass - Through/ Entity Identifying Number</u>	<u>State Expenditures</u>
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>			
Aviation Grant Program	55.004	427549-2	\$ 82,256
Aviation Grant Program	55.004	427549-3	100,000
Aviation Grant Program	55.004	G2N21	63,475
Aviation Grant Program	55.004	443804-1-94-24	16,400
Local Transportation Project	55.039	G2S30	419,559
Aviation Grant Program	55.004	G2R81	10,154
Aviation Grant Program	55.004	G2T46	11,419
Aviation Grant Program	55.004	G2U23	10,142
<u>Total Department of Transportaion</u>			<u>713,405</u>
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPR0004	1,509,457
Drinking Water Revolving Loan TF	37.076	DW540250	538,549
Clean Water State Revolving Fund	37.077	DW540230	24,772
St Johns River Water Management District	37.100	WS067	108,766
<u>Total Florida Dept. of Enviornmental Protection</u>			<u>2,181,544</u>
<u>FLORIDA DEPARTMENT OF FINANCIAL SERVICES</u>			
Fire Decontamination Equipment Grant Project	43.013	FM820	15,512
<u>Total Florida Dept. of Financial Services</u>			<u>15,512</u>
<u>FLORIDA DEPARTMENT OF LAW ENFORCEMENT</u>			
SAFE	71.122	2023-SAFE-SF-006	71,523
<u>Total Florida Dept. of Law Enforcement</u>			<u>71,523</u>
<u>FLORIDA DEPARTMENT OF JUSTICE</u>			
Patrick Leahy Bullet Proof Vest Partnership Program	71.122	OMB11210235	4,154
<u>Total Florida Dept. of Justice</u>			<u>4,154</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 2,986,138</u>

City of Palatka, Florida
Summary of Independent Auditor's Results
Year Ended September 30, 2024

Financial Statements

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

- Material weakness(es) identified? ___ Yes __X__ No
- Significant deficiency(ies) ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards and State Projects

Internal control over major Federal programs or State projects:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified ___yes X none reported

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

Unmodified.

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

Identification of major Federal programs:

CFDA No(s).	Names of Federal Programs
21.027	Coronavirus State and Local Fiscal Recovery Funds (SLFRF)
20.106	Airport Improvement Program
66.468	Drinking Water State Revolving Fund Project

Identification of major State projects:

CSDA No(s).	Names of State Project
55.004	Aviation Grant Program
55.039	Local Transportation Project
37.039	Statewide Surface Water Restoration and Wastewater Projects

City of Palatka, Florida
Summary of Independent Auditor's Results
Year Ended September 30, 2024

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

Dollar threshold used to distinguish
between Type A and Type B State projects \$ 300,000

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

Section II – Financial Statement Findings

See section IV below.

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

No current-year matters were reported.

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

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

We have examined the City of Palatka (the City’s) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements references above. An examination involves performing procedures to obtain evidence whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied in all material respects, with Section 218.415, Florida Statutes, for the fiscal year ended September 30, 2024.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and it is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 26, 2025

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Palatka, Florida (the ‘City’), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 26, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 26, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City has made these disclosures in the notes to the financial statements.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General require a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. There was no PACE Program operating within the City.

Special District Component Units

Sections 10.554(1)(i)5.c., Rules of the Auditor General, require, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district to provide the financial information necessary for proper reporting of the component unit within in the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Sections 218.39(3)(c) and 218.39 (3)(b) Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Community Redevelopment Agency (CRA) and Palatka Gas Authority (PGA) reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year was 0 (CRA) and 16 (PGA) employees.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0 (CRA) and 4 (PGA).
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0 (CRA) and \$908,173 (PGA).
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0 (CRA) and \$40,753.00 (PGA).
- 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 \$0.00 (None).

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year, being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as No Amendments to the approved budget.

Additional Matters

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

Purpose of this letter

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

June 26, 2025