CITY OF ST. MARKS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

CITY OF ST. MARKS, FLORIDA
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable City Commission,
City of St. Marks, Florida:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of St. Marks, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of St. Marks, Florida'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 and each major fund of City of St. Marks, Florida, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of St. Marks, Florida 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of St. Marks, Florida'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 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, 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 City of St. Marks, Florida'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 City of St. Marks, Florida'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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023 on our consideration of City of St. Marks, Florida'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 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 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 of St. Marks, Florida's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
June 13, 2023

CITY OF ST. MARKS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

As management of the City of St. Marks, Florida, we offer readers of the City of St. Marks, Florida's financial statements this narrative overview and analysis of the financial activities of the City of St. Marks, Florida for the fiscal year ended September 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of St. Marks, Florida's basic financial statements. The City of St. Marks, Florida'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 of St. Marks, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of St. Marks, Florida's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of St. Marks, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of St. Marks, Florida 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 of St. Marks, Florida include general government and culture and recreation. The business-type activities of the City of St. Marks, Florida include water, sewer, and garbage operations.

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 of St. Marks, Florida, 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 St. Marks, Florida can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of St. Marks, Florida maintains one governmental fund, which is the general fund. The general fund is considered to be a major fund.

The City of St. Marks, Florida adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City of St. Marks, Florida maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of St. Marks, Florida uses an enterprise fund to account for its water, sewer and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water, sewer and garbage operations, which is considered to be a major fund of the City of St. Marks, Florida.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of St. Marks, Florida's budgetary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of St. Marks, Florida, assets exceeded liabilities by $5,120,442 at the close of the most recent fiscal year.

By far the largest portion of the City of St. Marks, Florida’s net position (85 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of St. Marks, Florida uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of St. Marks, Florida’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.

City of St. Marks, Florida's Net Position

	2021		
	Governmental activities	Business-type activities	Total
Current and other assets	$ 311,713	$ 587,904	$ 899,617
Capital assets	2,177,454	2,327,541	4,504,995
Total assets	2,489,167	2,915,445	5,404,612
Long-term liabilities outstanding	-	1,276	1,276
Other liabilities	95,594	100,399	195,993
Total liabilities	95,594	101,675	197,269
Net position:			
Net investment in capital assets	2,172,386	2,295,342	4,467,728
Restricted for:			
Debt Service	-	20,443	20,443
Assigned	35,000	-	35,000
Unrestricted	186,187	497,985	684,172
Total net position	$ 2,393,573	$ 2,813,770	$ 5,207,343

	2022		
	Governmental activities	Business-type activities	Total
Current and other assets	$ 775,535	$ 242,328	$ 1,017,863
Capital assets	2,227,751	2,287,903	4,515,654
Total assets	3,003,286	2,530,231	5,533,517
Long-term liabilities outstanding	102,491	15,457	117,948
Other liabilities	242,216	52,911	295,127
Total liabilities	344,707	68,368	413,075
Net position:			
Net investment in capital assets	2,104,643	2,268,821	4,373,464
Restricted for:			
Debt Service	-	23,552	23,552
Assigned	35,000	-	35,000
Unrestricted	518,936	169,490	688,426
Total net position	$ 2,658,579	$ 2,461,863	$ 5,120,442

At the end of the current fiscal year, the City of St. Marks, Florida is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of St. Marks, Florida's Changes in Net Position

	2021		
	Governmental activities	Business-type activities	Total
Revenues:			
Program revenues:			
Charges for services	$ 23,500	$ 335,209	$ 358,709
Operating and Capital grants	139,075	-	139,075
General revenues:			
Property taxes	168,920	-	168,920
Other taxes, licenses, and permits	101,149	-	101,149
Intergovernmental and other	45,047	741	45,788
Total revenues	477,691	335,950	813,641
Expenses:			
General government	356,558	-	356,558
Culture and recreation	148,135	-	148,135
Transportation	29,075	-	29,075
Water, sewer and garbage	-	475,593	475,593
Total expenses	533,768	475,593	1,009,361
Decrease in net position	(56,077)	(139,643)	(195,720)
Net position, beginning of year	2,449,650	2,953,413	5,403,063
Net position, end of year	$ 2,393,573	$ 2,813,770	$ 5,207,343

	2022		
	Governmental activities	Business-type activities	Total
Revenues:			
Program revenues:			
Charges for services	$ 20,358	$ 381,983	$ 402,341
Operating and Capital grants	713,143	-	713,143
General revenues:			
Property taxes	169,310	-	169,310
Other taxes, licenses, and permits	120,439	-	120,439
Intergovernmental and other	42,555	2,903	45,458
Interfund Transfer In (Out)	267,597	(267,597)	-
Total revenues	1,333,402	117,289	1,450,691
Expenses:			
General government	433,117	-	433,117
Culture and recreation	87,785	-	87,785
Transportation	547,494	-	547,494
Water, sewer and garbage	-	469,196	469,196
Total expenses	1,068,396	469,196	1,537,592
Increase (decrease) in net position	265,006	(351,907)	(86,901)
Net position, beginning of year	2,393,573	2,813,770	5,207,343
Net position, end of year	$ 2,658,579	$ 2,461,863	$ 5,120,442

Governmental activities. Governmental activities increased the City of St. Marks, Florida's net position by $265,006.

Key element of this decrease is as follows:

- The key element of this increase was grant revenue, which was $713,143 for the governmental activities for the year ending September 30, 2022.

Business-type activities. Business-type activities decreased the City of St. Marks, Florida's net position by $351,907.

Key element of this decrease is as follows:

- The business-type activities normally experience a significant net loss, which includes approximately $100,000 in depreciation expense annually. This year, the main driver of this decrease in the business-type activities was a transfer of excess cash to the general fund.

Financial Analysis of the Government's Funds

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

Governmental fund. The focus of the City of St. Marks, Florida's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of St. Marks, Florida'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 of St. Marks, Florida's governmental fund reported an ending fund balance of $553,936 an increase of $332,749 in comparison with the prior year. $35,000 of this total ending fund balance constitutes *assigned fund balance,* which has been set aside for use towards the following fiscal year budget by the commissioners.

The general fund is the chief operating fund of the City of St. Marks, Florida. At the end of the current fiscal year, total fund balance of the general fund was $553,936. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Ending fund balance represents 49% percent of total general fund expenditures.

Proprietary fund. The City of St. Marks, Florida's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer and Garbage fund at the end of the year amounted to $169,490. The total decline in net position for the funds was $351,907.

Other factors concerning the finances of the proprietary fund have already been addressed in the discussion of the City of St. Marks, Florida's business-type activities.

General Fund Budgetary Highlights

Actual revenue and expenses were not consistent with budgeted revenues and expenses for the current fiscal year. The full amount of the grant award is budgeted in the year awarded. This accounts for the majority of the variance in the general fund budget to actual schedule.

Capital assets. The City of St. Marks, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to $4,515,654 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities and roads.

Long-term debt. At the end of the current fiscal year, City of St. Marks, Florida had debt outstanding of $142,190.

City of St. Marks, Florida's Outstanding Debt

Notes Payable	$ 142,190

Economic Factors and Next Year's Budgets and Rates

- Changes in state budgets and legislation may make financial forecasting difficult; however, past performance, expected growth or slowdowns, and expected tax decreases are all factors considered in preparing the City of St. Marks, Florida budget for the 2022-2023 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of St. Marks, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Manager, Post Office Box 296, St. Marks, Florida 32355.

CITY OF ST. MARKS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 286,302	$ 41,711	$ 328,013
Certificate of deposit	23,370	-	23,370
Investments	24,281	151,769	176,050
Receivables, net	416,384	29,013	445,397
Internal balances	3,717	(3,717)	-
Prepaid items	21,481	-	21,481
Restricted assets:			
Cash and cash equivalents	-	23,552	23,552
Capital assets, not being depreciated:			
Land	623,101	1,001	624,102
Construction in progress	-	3,373	3,373
Capital assets, net of accumulated depreciation	1,604,650	2,283,529	3,888,179
Total assets	$ 3,003,286	$ 2,530,231	$ 5,533,517
LIABILITIES			
Accounts payable and accrued expenses	$ 221,599	$ 48,013	$ 269,612
Deferred revenue	-	1,273	1,273
Noncurrent liabilities:			
Due within one year	20,617	3,625	24,242
Due in more than one year	102,491	15,457	117,948
Total liabilities	$ 344,707	$ 68,368	$ 413,075
NET POSITION			
Net investment in capital assets	$ 2,104,643	$ 2,268,821	$ 4,373,464
Restricted for:			
Debt service	-	23,552	23,552
Assigned to subsequent year's budget	35,000	-	35,000
Unrestricted	518,936	169,490	688,426
Total net position	$ 2,658,579	$ 2,461,863	$ 5,120,442

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

CITY OF ST. MARKS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	$ 433,117	$ 1,771	$ 162,276	$ 3,373	$ (265,697)	$ -	$ (265,697)
Culture and recreation	87,785	18,587	-	-	(69,198)	-	(69,198)
Transportation	547,494	-	-	547,494	-	-	-
Total governmental activities	1,068,396	20,358	162,276	550,867	(334,895)	-	(334,895)
Business-type activities:							
Water, sewer and garbage	469,196	381,983	-	-	-	(87,213)	(87,213)
Total Government	$ 1,537,592	$ 402,341	$ 162,276	$ 550,867	(334,895)	(87,213)	(422,108)
General revenues:							
Property taxes					169,310	-	169,310
Other taxes, licenses, and permits					120,439	-	120,439
Intergovernmental revenue					34,981	-	34,981
Unrestricted investment gain					1,573	2,903	4,476
Other					6,001	-	6,001
Transfer In (Out)					267,597	(267,597)	
Total general revenues					599,901	(264,694)	335,207
Change in net position					265,006	(351,907)	(86,901)
Net position, beginning of year					2,393,573	2,813,770	5,207,343
Net position, end of year					$ 2,658,579	$ 2,461,863	$ 5,120,442

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

CITY OF ST. MARKS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	$ 286,302
Certificate of deposit	23,370
Investments	24,281
Receivables, net	416,384
Due from other fund	3,717
Prepaid items	21,481
Total assets	$ 775,535
LIABILITIES	
Accounts payable and accrued expenses	$ 221,599
Total liabilities	221,599
FUND BALANCE	
Nonspendable:	
Prepaid items	
Assigned to subsequent year's budget	35,000
Unassigned	518,936
Total fund balance	553,936
Total liabilities and fund balances	$ 775,535

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

CITY OF ST. MARKS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Fund balances - total governmental funds		$ 553,936
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	2,891,162	
Less: accumulated depreciation	(663,411)	2,227,751
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Note payable		(123,108)
Net position of governmental activities		$ 2,658,579

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

CITY OF ST. MARKS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund
Revenues	
Taxes, licenses and permits	$ 294,520
Intergovernmental	748,124
Other	23,161
Total revenues	1,065,805
Expenditures	
General government	381,211
Culture and recreation	54,169
Transportation	547,494
Capital outlay	133,280
Debt service:	
Principal	15,240
Interest	2,539
Total expenditures	1,133,933
Deficiency of revenues over expenditures	(68,128)
Other financing sources	
Interfund Transfer	267,597
Proceeds from debt	133,280
	400,877
Net change in fund balance	332,749
Fund balance, beginning of year	221,187
Fund balance, end of year	$ 553,936

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

CITY OF ST. MARKS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances-total governmental funds		$ 332,749
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures	133,280	
Proceeds from sale of capital assets	-	
Depreciation expense	(82,983)	
Gain (Loss) on disposition of capital assets	-	50,297
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(118,040)
Change in net position of governmental activities		$ 265,006

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

CITY OF ST. MARKS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022

	Water, Sewer and Garbage Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 41,711
Investments	151,769
Receivables, net of allowance for uncollectible accounts	29,013
Total current assets	222,493
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	23,552
Capital assets, net of accumulated depreciation	2,287,903
Total noncurrent assets	2,311,455
Total assets	$ 2,533,948
LIABILITIES	
Current liabilities:	
Accounts payable	$ 22,676
Deferred revenue	1,273
Due to other fund	3,717
Current portion of note payable	3,625
Accrued expenses	961
Payable from restricted assets:	
Customer deposits	24,376
Total current liabilities	56,628
Noncurrent liabilities:	
Note payable	15,457
Total liabilities	$ 72,085
NET POSITION	
Net investment in capital assets	2,268,821
Restricted for debt services	23,552
Unrestricted	169,490
Total net position	$ 2,461,863

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

CITY OF ST. MARKS, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water, Sewer and Garbage Fund
Operating revenues:	
Charges for services	$ 381,983
Operating expenses:	
Salaries	39,245
Insurance	19,624
Depreciation	106,144
Miscellaneous	2,985
Professional fees	153,919
Repairs and maintenance	56,900
Utilities	81,893
Supplies	6,866
Total operating expenses	467,576
Operating loss	(85,593)
Nonoperating revenues (expenses):	
Interest income	2,903
Transfer out	(267,597)
Interest expense	(1,620)
Total nonoperating revenues (expenses)	(266,314)
Change in net position	(351,907)
Net position, beginning of year	2,813,770
Net position, end of year	$ 2,461,863

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

CITY OF ST. MARKS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water, Sewer and Garbage Fund
Cash flows from operating activities	
Cash received from customers and others	$ 370,437
Cash paid to employees	(39,245)
Cash paid to suppliers	(330,013)
Net cash provided by operating activities	1,179
Cash flows from investing activities	
Dividends received	2,903
Sale of investments	324,530
Net cash provided by investing activities	327,433
Cash flows from capital and related financing activities	
Principal payments on long-term debt	(13,118)
Acquisition of capital assets	(66,504)
Transfer to general fund	(267,597)
Interest payments on long-term debt	(1,620)
Net cash used in financing activities	(348,839)
Net decrease in cash and cash equivalents	(20,227)
Cash and cash equivalents, beginning of year (including $20,443 reported in restricted cash and cash equivalents)	85,490
Cash and cash equivalents, end of year (including $23,552 reported in restricted cash and cash equivalents)	$ 65,263
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (85,593)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	106,144
Changes in assets and liabilities:	
Increase in accounts receivable	(2,201)
Increase in due to other funds	3,019
Decrease in deferred revenue	(12,655)
Decrease in accounts payable	(10,845)
Increase in customer deposits	3,310
Total adjustments	86,772
Net cash provided by operating activities	$ 1,179

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

(1) Summary of Significant Accounting Policies:

The financial statements of the City of St. Marks, Florida (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City of St. Marks, Florida (the "City") is a municipal corporation governed by an elected mayor and four-member commission. The City of St. Marks, Florida, was originally incorporated under Chapter 63-1872 Laws of Florida, Acts of 1963, as amended by Chapter 65-2197, Laws of Florida, Acts of 1965. As required by accounting principles generally accepted in the United States of America, these financial statements include the City's Community Redevelopment Agency.

(b) **Reporting entity**—The City has one blended component unit, as follows:

The City's Community Redevelopment Agency ("Agency") serves all the citizens of the City and is governed by the same Board. The Agency was established to prevent the development or spread of slums and blight, reduce and prevent crime, and for the provision of affordable housing. The Agency is reported as a special revenue fund. There was no activity in the special revenue fund for the year ended September 30, 2022.

(c) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

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

(d) **Measurement focus, basis of accounting, and financial statement presentation**—The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(1) **Summary of Significant Accounting Policies:** (Continued)

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental fund:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government.

The government reports the following major proprietary fund:

The *water, sewer and garbage fund* accounts for the activities of the City’s water distribution, wastewater and garbage operations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

(1) **Summary of Significant Accounting Policies:** (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental fund budget is prepared on the modified accrual basis of accounting. The proprietary fund budget is prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

i. On or before September 15th, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.

ii. Budget workshop sessions are scheduled by the City Commission, as needed.

iii. A general summary of the budget and notice of public hearing is made available to the public.

iv. Prior to October 1st, the budget is legally enacted through passage of a resolution.

v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.

vi. The City Commission must approve all inter-departmental budget amendments and/or appropriations transfers.

vii. Budgetary control is exercised at the fund level.

viii. Every appropriation lapses at the close of the fiscal year.

The budget for the governmental fund that was either adopted or amended during the year by the City Commission was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The budget for the general fund is considered a legally adopted budget.

The budget for the proprietary fund that was either adopted or amended during the year by the City Commission was prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The budget for the water, sewer, and garbage fund is considered a legally adopted annual budget.

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Deposits and Investments**—The City's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments including investments in the City's fiduciary funds are recorded at fair value based on quoted market values.

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading dates made in mid-September through the end of the fiscal year.

(h) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates market, by using the weighted average valuation method. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. No required minimum levels of inventory are maintained.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(i) **Long-term obligations—**In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Original issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Compensated absences**—The City reports compensated absences in the applicable governmental or business-type activity columns in the governmental-wide financial statements. The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end and accumulated unpaid vacation, sick-leave, and personal leave is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability.

(k) **Net position flow assumption—Sometimes the City will fund outlays for a particular** purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(l) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 (amount not rounded) and an estimated useful life in excess of two years. For financial reporting purposes, infrastructure assets are defined by the government as assets with an initial, individual cost of more than $15,000 (amount not rounded) acquired after September 30, 2003, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, plus any ancillary charges (freight and transportation charges, site preparation costs, installation costs, and professional fees) necessary to place the asset into its intended location and condition for use. Donated capital assets are recorded at estimated fair market value at the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	39
Public domain infrastructure	10
System infrastructure	7 – 50
Vehicles	5
Office equipment	5
Computer equipment	5

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows*:*

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the City Commission through ordinance.

Assigned – amounts the City intends to use for a specific purpose. Intent can be expressed by City Commission or by an official or body which the City Commission delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available; the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

(n) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

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

(o) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position—**Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities—**Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Receivables:**

Receivables as of September 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water, Sewer and Garbage	Total
Accounts receivable	$ 4,498	$ 33,065	$ 37,563
Intergovernmental	411,886	–	411,886
Gross receivables	416,384	33,065	449,449
Less: allowance for uncollectibles	–	4,052	4,052
Net total receivables	$ 416,384	$ 29,013	$ 445,397

(4) **Interfund Receivables, Payables and Transfers:**

The composition of interfund balances as of September 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water, Sewer and Garbage	$ 3,717

The interfund amounts consists of items paid by the General Fund for the Water, Sewer and Garbage Fund.

(5) Deposits and Investments:

Deposits. At year end, the carrying amount of the City's deposits was $351,565 and the bank balance was $378,207. The entire bank balance was covered by Federal depository insurance or by collateral held by the City's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Public Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments. Investments Florida PRIME are held with the Florida State Board of Administration. This fund is structured as a "2a-7 like" fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A "2a-7 like" fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

The foremost objective of the City's investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The City's investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the City manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The City minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. Florida PRIME is rated by Standards and Poor's. The current rating is AAAm.

Interest Rate Risk: The City manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category and sets to maintain a weighted average maturity of 60 days or less, reducing risk of changes in interest rates.

Custodial credit risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the City's name, and are held by the party that either sells to or buys for the City. No investments held at year end were subject to custodial credit risk. All U.S. Government & Agency Bonds were held in the City's name; therefore, these investments were not subject to custodial credit risk. Florida PRIME does not participate in securities lending, but the City owns shares of the Florida PRIME and not the underlying investments.

As of September 30, 2022, the City had the following investment reported at market value:

	Fair Value
Florida PRIME	$ 176,050

(6) **Capital Assets:**

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 623,101	$ –	$ –	$ 623,101
Total capital assets, not being depreciated	623,101	–	–	623,101
Capital assets, being depreciated:				
Buildings and improvements	2,052,436	–	–	2,052,436
Equipment, furniture, fixtures and vehicles	82,345	133,280	–	215,625
Total capital assets, being depreciated	2,134,781	133,280	–	2,268,061
Less accumulated depreciation for:				
Buildings, improvements, equipment, furniture, fixtures	(580,428)	(82,983)	–	(663,411)
Total capital assets being depreciated, net	1,554,353	50,297	–	1,604,650
Governmental activities capital assets, net	$ 2,177,454	$ 50,297	$ –	$ 2,227,751
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,001	$ –	$ –	$ 1,001
Construction in progress	–	3,373	–	3,373
Total capital assets, not being depreciated	1,001	3,373	–	4,374
Capital assets, being depreciated:				
Equipment, buildings, utility systems and improvements	4,526,750	63,133	–	4,589,883
Less accumulated depreciation	(2,200,210)	(106,144)	–	(2,306,354)
Total capital assets, being depreciated	2,326,540	(43,013)	–	2,283,529
Business-type activities capital assets, net	$ 2,327,541	$ (39,638)	$ –	$ 2,287,903

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Culture and recreation	$ 33,616
General government	49,367
	$ 82,983
Business-type activities:	
Water	$ 69,199
Sewer	36,945
Total	$ 106,144

(7) Commitments and Contingencies:

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

(8) Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

(9) Long-Term Liabilities:

Notes payable

Notes payable at September 30, 2022 comprised of the following:

2.46% note payable to State of Florida, payable in semi-annual installments of $2,040, including interest, through April 2027, collateralized by revenues	$ 19,082
3.74% note payable to bank, payable in monthly installments of $2,073, including interest, through March 2028, collateralized by revenues	123,108
Total long-term debt	142,190
Less: current portion	24,242
Total long-term debt, less current portion	$ 117,948

Note payable debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2023	$ 24,242	$ 4,714
2024	25,116	3,839
2025	26,022	2,933
2026	26,963	1,992
2027	27,971	965
2028	11,876	124
Total	$ 142,190	$ 14,567

(9) **Long-Term Liabilities:** (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Note payable	$ 5,068	$ 133,280	$ (15,240)	$ 123,108	$ 20,617
Governmental activity long-term liabilities	$ 5,068	133,280	$ (15,240)	$ 123,108	$ 20,617
Business-type activities:					
Notes payable	$ 32,199	$ –	$ (13,117)	$ 19,082	$ 3,625
Business-type activity long-term liabilities	$ 32,199	$ –	$ (13,177)	$ 19,082	$ 3,625

For governmental and business-type activities, compensated absences are generally liquidated within one year.

(10) **Defined Contribution Plan:**

The City provides retirement benefits through a defined contribution plan for all full-time employees. This plan is administered by the Florida Municipal Pension Trust Fund. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees with three months of service are eligible to participate in the plan. The resolution adopting the plan requires that the City contribute an amount equal to five percent of the employee's salary each quarter.

The City's contribution for each employee (and interest allocated to the employee's account) is fully vested after three years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the City's current period contribution requirement. For the years ending September 30, 2022, 2021 and 2020 the City's contributions to the plan were $6,727, $6,037 and $6,934, respectively.

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates, as adjusted based on the impacts of GASB Statement No. 95, effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

(a) GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

CITY OF ST. MARKS, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

CITY OF ST. MARKS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes, licenses and permits	$ 266,200	$ 266,200	$ 294,520	$ 28,320
Intergovernmental	355,603	355,603	748,124	392,521
Other	33,500	33,500	23,161	(10,339)
Total revenues	655,303	655,303	1,065,805	410,502
Expenditures				
General government	292,900	292,900	381,211	(88,311)
Culture and recreation	60,500	60,500	54,169	6,331
Transportation	317,603	317,603	547,494	(229,891)
Debt service	7,800	7,800	151,059	(143,259)
Total expenditures	678,803	678,803	1,133,933	(455,130)
Deficiency of revenues over expenditures	(23,500)	(23,500)	(68,128)	(44,628)
Other financing sources				
Insurance proceeds	-	-	267,597	267,597
Proceeds from debt	-	-	133,280	133,280
	-	-	400,877	400,877
Net change in fund balance	(23,500)	(23,500)	332,749	356,249
Fund balance, beginning of year	221,187	221,187	221,187	-
Fund balance, end of year	$ 197,687	$ 197,687	$ 553,936	$ 356,249

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget and actual - general fund are an integral part of this schedule.

CITY OF ST. MARKS, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. **Budgetary information:**

1. An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

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

a) Prior to October 1, the City Commission prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

b) Public hearings are conducted to obtain taxpayer comments.

c) Prior to October 1, the budget is legally enacted through passage of an ordinance.

d) Revisions that alter the total expenditures of any fund must be approved by the City Commission.

e) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.

f) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF ST. MARKS, FLORIDA

ADDITIONAL INFORMATION

SEPTEMBER 30, 2022

CITY OF ST. MARKS, FLORIDA
OFFICIALS
SEPTEMBER 30, 2022

CITY COMMISSION

Charles C. Shields, Jr. Mayor
Dan Albers
Paul Sheddan
Steve Remke
Paula Bell
Sharon Rudd

CITY MANAGER

Zoe Mansfield

JAMESMOORE

INDEPENDENT AUDITORS' 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 City Commission,
City of St. Marks, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of City of St. Marks, Florida as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of St. Marks, Florida's basic financial statements, and have issued our report thereon dated June 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of St. Marks, Florida'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 City of St. Marks, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of St. Marks, Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described below to be material weaknesses:

Finding 2022-001: **Segregation of Duties**

Condition and Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Cause: For the year ended September 30, 2022, we noted that the same person within the accounting department handles cash and checks and posts receipts and disbursements to the utility ledger.

Effect: Assets could potentially be misappropriated.

Recommendation: We recommend that the City have another designated person receive all cash and checks, make all required deposits and return a summary of receipts along with a validated deposit slip before turning them over to the accounting department.

Finding 2022-002: Prepare Financial Statements in Accordance with GAAP and Significant Adjustments

Criteria: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Condition: Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

Cause: Management relied on auditors to propose entries that had not been recorded at the time of the audit.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

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.

Compliance and Other Matters

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

City of St. Marks, Florida's Response to the Findings

City of St. Marks, Florida's response to the finding identified in our audit are described in the accompanying Corrective Action Plan. City of St. Marks, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

James Moore & Co., P.L.

Tallahassee, Florida
June 13, 2023

JAMESMOORE

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Honorable City Commission,
City of St. Marks, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of St. Marks, Florida**,** as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 13, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* 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, which are dated June 13, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Uncorrected Audit Findings.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	**2020-2021 FY Finding #**	**2019-2020 FY Finding #**
2022-001	2021-001	2020-001
2022-002	N/A	N/A
2022-003	2021-002	N/A
2022-004	N/A	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed as required by accounting principles generally accepted in the United States of America in Note I.A. to the financial statements.

Financial Condition and Management

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

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City of St. Marks, Florida for the fiscal year ended September 30, 2022, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2022. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 recommend the following:

2022-003: Budget Website Requirements

We noted that the budget was not posted on the City's website as required by Florida Statute 166.241. We recommended to management that the budget be uploaded to the website in accordance with Florida Statute 166.241.

2022-004: Budgetary Controls

Florida Statutes, Chapter 166.241(2) provides that the budget must regulate expenditures of the municipality, and it is unlawful for any officer of municipal government to expend or contract for expenditures in any fiscal year except in pursuant of budgeted expenditures. During our audit, we noted funds were expended in excess of budgeted amounts. The City adopts its budget for the various funds on the modified accrual basis of accounting. Based upon that budget approach, the City's expenditures exceeded appropriations in the following funds:

Fund	Over Expenditure
General fund	$ 455,130

We recommend the City maintain a level of expenditures within the adopted budget.

City of St. Marks, Florida's Response to the Findings

City of St. Marks, Florida's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. City of St. Marks, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
June 13, 2023

JAMESMOORE

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable City Commission,
City of St. Marks, Florida:

We have examined City of St. Marks, Florida's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies,* for the year ended September 30, 2022. Management is responsible for City of St. Marks, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of St. Marks, Florida'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 of St. Marks, Florida complied with Section 218.415, *Florida Statutes, Local Government Investment Policies*, for the year ended September 30, 2022, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, City of St. Marks, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

James Moore & Co., P.L.

Tallahassee, Florida
June 13, 2023

City of St. Marks

P.O. Box 296 · 788 Port Leon Drive · St. Marks, FL 32355-0296
Phone: (850) 925-6224 · Fax: (850) 925-5657

MANAGEMENT'S RESPONSE TO FINDING

2022-001: SEGREGATION OF DUTIES

In response to the Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards, we submit the following with respect to Segregation of Duties:

While it has been the City's practice to have a proper segregation of duties, the financial resources of the City of St. Marks are limited. We employ two employees who must perform all accounting duties. The City will try to segregate duties of handling cash, checks, posting receipts, and disbursements where possible. The City has also engaged another outside CPA firm to assist in bank reconciliations and budget versus actual comparisons to present for the city council on a monthly basis.

2022-002: PREPARE FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP AND SIGNIFICANT ADJUSTMENTS

The adjustments related primarily to accruals for grant receivables and payables. The City has engaged an outside CPA firm to assist with accruals.

2022-003: BUDGET WEBSITE REQUIREMENTS

In response to the Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, we submit the following with respect to Budget Website Requirements:

The City will post the tentative budget at least two days prior to the budget hearing, and post the final adopted budget to the website within 30 days of adoption.

2022-004: BUDGETARY CONTROLS

The City adopted a Final Amended 2021-2022 Budget. The auditor has identified additional accruals to be included in the financial statements. While this finding has not been resolved the City will continue to try and resolve the finding.

Zoe A Mansfield

City Manager