City of Port St. Joe, Florida

Annual Financial Statements
September 30, 2025

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CITY OF PORT ST. JOE, FLORIDA
SEPTEMBER 30, 2025

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SEPTEMBER 30, 2025

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Council
City of Port St. Joe, 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, and each major fund, of the City of Port St. Joe, Florida , as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Port St. Joe, 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 the City of Port St. Joe, Florida, as of September 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Port St. Joe, 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Port St. Joe, 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Port St. Joe, 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 the City of Port St. Joe, 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, budgetary comparison information, schedule of proportionment share of net pension liability, and schedule of pension plan contributions 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 statement, 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

The accompanying schedule of expenditures of federal awards, and state financial assistance as required by *2 CFR Port 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is also not a required part of the 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 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 financial statements or to the 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 and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 27, 2026, on our consideration of the City of Port St. Joe, 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 Port St. Joe, Florida's internal control over financial reporting and compliance.

Apalachicola, Florida
May 27, 2026

Vance CPA LLC

Vance CPA LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The City of Port St. Joe's (the City) management discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues and concerns.

Since management's discussion and analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City of Port St. Joe exceeded its liabilities at September 30, 2025 by $88,535,779 (net position). Of this amount, $13,902,553 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,156,293.

- As of September 30, 2025, the City of Port St. Joe's general fund reported an ending fund balance of $10,938,015 a decrease of $81,789 from prior year. Of this amount $10,667,807 is available for spending at the City's discretion (unrestricted fund balance).

- Long-term debt of City increased $847,788 from the prior year, while the liability for compensated absences increased $38,337.

Overview of the Financial Statements

The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

This discussion and analysis is intended to serve as an introduction to the City of Port St. Joe's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 focus is on major funds, rather than fund types.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The focus on the statement of net position (the "unrestricted net position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental

fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decrease 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, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and business-type activities.

Both of these 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, administration, economic environment, streets and highways, public safety, and culture and recreation. The business-type activities of the City include water, sewer, wastewater and solid waste utilities.

The government-wide financial statements include the City of Port St. Joe (known as the primary government) and the Port St. Joe Downtown Redevelopment Agency, a blended component unit.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the 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 can be divided into two categories: governmental funds, and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

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 the City'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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two 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 balance for the general fund and the special revenue fund. Only the general fund is a major fund.

The City adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains three proprietary fund types. 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, sewer and wastewater and solid waste activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not utilize internal service funds.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

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.

Infrastructure Assets

Generally, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, and underground pipes not associated with a utility, etc.) are neither reported nor depreciated in governmental fund financial statements. Standards require that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The City has elected to depreciate its infrastructure assets.

Government-wide Financial Analysis

Statement of Net Position

Net
position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by $88,535,779.

The following table reflects the condensed Statement of Net Position for the current and prior years. For more detailed information, see the Statement of Net Position.

Net Position

September 30,	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total 2025	Total 2024
Current/other assets	$11,647,715	$11,381,701	$ 8,355,821	$ 7,695,894	$ 20,003,536	$ 19,077,595
Capital assets	22,399,919	19,147,369	62,017,582	59,718,028	84,417,501	78,865,397
Total assets	34,047,634	30,529,070	70,373,403	67,413,922	104,421,037	97,942,992
Deferred Outflows	680,134	653,227	756,561	727,346	1,436,695	1,380,573
Current liabilities	359,454	187,969	577,909	234,598	937,363	422,567
Noncurrent liabilities	2,549,771	2,703,348	12,958,754	12,298,224	15,508,525	15,001,572
Total liabilities	2,909,225	2,891,317	13,536,663	12,532,822	16,445,888	15,424,139
Deferred Inflows	481,192	310,453	394,873	209,487	876,065	519,940
Net investment in capital assets	22,214,664	18,909,787	51,862,748	50,035,756	74,077,412	68,945,543
Net Position - Restricted	555,814	438,593	—	—	555,814	438,593
Net Position - Unrestricted	8,566,873	8,632,147	5,335,680	5,363,203	13,902,553	13,995,350
Total net position	$31,337,351	$27,980,527	$57,198,428	$ 55,398,959	$ 88,535,779	$83,379,486

Eighty-four percent (84%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, equipment, wastewater treatment plant and improvements, water and sewer distribution system, and freshwater canal). The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Debt associated with the City's capital assets amount to $10,133,159.

The balance of unrestricted net position $13,902,553 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2025, the City reports positive balances in all categories of net position.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2025 and 2024.

Changes in Net Position

September 30,	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total 2025	Total 2024
Program Revenues -						
Charges for services	$ 331,674	$ 360,263	$11,519,855	$11,164,123	$11,851,529	$11,524,386
Operating grants and contributions	1,008,355	832,631	—	—	1,008,355	832,631
Capital grants and contributions	1,345,238	—	2,427,265	3,872,369	3,772,503	3,872,369
General Revenues -						
Ad valorem taxes	2,565,451	2,065,425	—	—	2,565,451	2,065,425
Utility taxes/ franchise fees	1,351,335	851,021	—	—	1,351,335	851,021
Sales tax and other	1,700,131	1,381,239	—	—	1,700,131	1,381,239
Interest	441,733	507,894	—	—	441,733	507,894
Other	8,755	70,317	—	—	8,755	70,317
Total revenues	**8,752,672**	**6,068,790**	**13,947,120**	**15,036,492**	**22,699,792**	**21,105,282**
Expenses						
City commission	93,321	82,035	—	—	93,321	82,035
Administration	678,828	603,241	—	—	678,828	603,241
Police	1,765,624	1,470,519	—	—	1,765,624	1,470,519
Fire	142,294	154,214	—	—	142,294	154,214
Highways and streets	1,164,189	1,155,801	—	—	1,164,189	1,155,801
Economic environment	37,049	11,622	—	—	37,049	11,622
Parks and cemeteries	1,123,389	892,269	—	—	1,123,389	892,269
Human services	36,322	40,866	—	—	36,322	40,866
Maintenance shop	141,924	113,123	—	—	141,924	113,123
Nondepartmental	212,908	138,938	—	—	212,908	138,938
Water	—	—	4,811,757	3,863,756	4,811,757	3,863,756
Sewer	—	—	6,072,553	6,362,922	6,072,553	6,362,922
Sanitation	—	—	1,263,341	1,161,905	1,263,341	1,161,905
Total expenditures	**5,395,848**	**4,662,628**	**12,147,651**	**11,388,583**	**17,543,499**	**16,051,211**
Change in Net Assets	**$3,356,824**	**$1,406,162**	**$ 1,799,469**	**$3,647,909**	**$ 5,156,293**	**$ 5,054,071**

Governmental activities increased the City's net position by $3,356,824. Business-type activities decreased the City's net position by $1,799,469.

Financial Analysis of the City's Funds

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, unreserved fund balance may serve as useful measure of a government's net resources, available for spending, at the end of the fiscal year.

General Fund

The general fund is the primary operating fund of the City. At September 30, 2025, the general fund reported a fund balance of $10,938,015, of which $10,667,807 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 158 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by $81,789 during the current fiscal year, which represents a positive variance of the same amount in comparison to the budget, which anticipated a balanced budget.

Proprietary Funds

The City's proprietary (enterprise) funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at September 30, 2025 amounted to a positive $5,335,680.

General Fund Budgetary Highlights

The City budgeted for intergovernmental and grant revenues corresponding capital outlay expenditures during the year that were not received nor expended. Overall revenues were less than were budgeted.

Capital Assets and Debt Administration

Capital Assets

The City's investment in fixed assets for its governmental and business-type activities as of September 30, 2025 amounts to $84,417,501 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, wastewater treatment plant and improvements, water and sewer distribution system, and construction in progress.

Additional information on the City's capital assets can be found in the Notes to Financial Statements in this report.

Long-Term Debt

The City has long-term debt outstanding at September 30, 2025 in the amount of 10,133,160.

Next Year's Budgets and Rates

The City's budget is expected to be similar to the current year.

Request for Information

This financial report is designed to provide a general overview of the City of Port St. Joe, Florida's finances for those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Port St. Joe, P.O. Box 278, Port St. Joe, Florida 32457.

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 14,120,082	$ 4,706,562	$18,826,644
Accounts receivable, net	352,937	637,313	990,250
Prepaid expenses	136,617	—	136,617
Internal balances	(3,011,946)	3,011,946	—
Due from other governments	50,025	—	50,025
Total Current Assets	**11,647.715**	**8,355,821**	**20,003,536**
Noncurrent assets			
Notes receivable	164,109	—	164,109
Right of Use Leases	21,146	21,675	42,821
Nondepreciable capital assets	8,108,492	8,068,225	16,176,717
Capital assets, net of accumulated depreciation	14,106,172	53,927,682	68,033,854
Total Noncurrent Assets	**22,399,919**	**62,017,582**	**84,417,501**
Total Assets	**34,047,634**	**70,373,403**	**104,421,037**
DEFERRED OUTFLOW OF RESOURCES			
Employee pension contributions	680,134	756,561	1,436,695
Total Deferred Outflow of Resources	**680,134**	**756,561**	**1,436,695**
LIABILITIES			
Current liabilities			
Accounts payable	122,883	418,712	541,595
Accrued expenses	236,571	158,213	394,784
Accrued interest	—	984	984
Total Current Liabilities	**359,454**	**577,909**	**937,363**
Noncurrent liabilities			
Customer deposits	—	722,814	722,814
Due within one year			
Accrued compensated absences	51,558	50,769	102,327
Lease liability	21,826	21,986	43,812
Loans and revenue bonds payable	—	759,815	759,815
Due in more than one year			
Accrued compensated absences	154,673	152,306	306,979
Loans and revenue bonds payable	—	9,373,344	9,373,344
Net pension liability	2,321,714	1,877,720	4,199,434
Total Noncurrent Liabilities	**2,549,771**	**12,958,754**	**15,508,525**
Total Liabilities	**2,909,225**	**13,536,663**	**16,445,888**
DEFERRED INFLOW OF RESOURCES			
Pension earnings	481,192	394,873	876,065
Total Deferred Inflow of Resources	**481,192**	**394,873**	**876,065**
NET POSITION			
Net investment in capital assets	22,214,664	51,862,748	74,077,412
Restricted for: Development	549,417	—	549,417
Public safety	6,397	—	6,397
Unrestricted	8,566,873	5,335,680	13,902,553
Total Net position	**$31,337,351**	**$57,198,428**	**$88,535,779**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
City Commission	$ 93,321	$ —	$ —	$ —	$ (93,321)	$ —	$ (93,321)
Administration	678,828	236,046	—	—	(442,782)	—	(442,782)
Police	1,765,624	—	59,338	—	(1,706,286)	—	(1,706,286)
Fire	142,294	—	—	40,000	(102,294)	—	(102,294)
Streets and highways	1,164,189	16,701	601,953	1,305,238	759,703	—	759,703
Economic environment	37,049	—	347,064	—	310,015	—	310,015
Parks and cemeteries	1,123,389	78,927	—	—	(1,044,462)	—	(1,044,462)
Human services	36,322	—	—	—	(36,322)	—	(36,322)
Maintenance shop	141,924	—	—	—	(141,924)	—	(141,924)
Nondepartmental	212,908	—	—	—	(212,908)	—	(212,908)
Total governmental activities	5,395,848	331,674	1,008,355	1,345,238	(2,710,581)	—	(2,710,581)
Business-Type Activities							
Water utility	4,811,757	4,204,467	—	392,226	—	(215,064)	(215,064)
Wastewater utility	6,072,553	6,046,270	—	2,035,039	—	2,008,756	2,008,756
Solid waste utility	1,263,341	1,269,118	—	—	—	5,777	5,777
Total business-type activities	12,147,651	11,519,855	—	2,427,265	—	1,799,469	1,799,469
Total Primary Government	**$17,543,499**	**$11,851,529**	**$ 1,008,355**	**$3,772,503**	**(2,710,581)**	**1,799,469**	**(911,112)**
		General Revenues:					
		Taxes:					
		Property tax			2,565,451	—	2,565,451
		Franchise and utility taxes			1,351,335	—	1,351,335
		Sales tax and other shared revenues			966,785	—	966,785
		Intergovernmental			733,346	—	733,346
		Investment			441,733	—	441,733
		Gain on disposal			—	—	—
		Miscellaneous			8,755	—	8,755
		Total General Revenues			6,067,405	—	6,067,405
		Changes in Net Position			3,356,824	1,799,469	5,156,293
		Net Position – Beginning of Year			27,980,527	55,398,959	83,379,486
		Net Position – End of Year			**$ 31,337,351**	**$ 57,198,428**	**$ 88,535,779**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Downtown Redevelopment	Total
Assets			
Cash and cash equivalents	$ 13,834,476	$ 285,606	$14,120,082
Accounts receivable, net	352,937	—	352,937
Due from other funds	14,163,519	—	14,163,519
Due from other governments	50,025	—	50,025
Prepaid expenses	136,617	—	136,617
Total Assets	**28,537,574**	**285,606**	**28,823,180**
Liabilities Deferred Inflows and Fund Balance			
Accounts payable	122,883	—	122,883
Accrued expenses	236,571	—	236,571
Due to other funds	17,175,465	—	17,175,465
Total Liabilities	**17,534,919**	**—**	**17,534,919**
Deferred Inflows			
Business license	64,640	—	64,640
Total Deferred Inflows	**64,640**	**—**	**64,640**
Fund balance			
Restricted for:			
Development	263,811	285,606	549,417
Public Safety	6,397	—	6,397
Unassigned	10,667,807	—	10,667,807
Total Fund Balance	10,938,015	285,606	11,223,621
Total liabilities Deferred Inflows and Fund Balance	**$ 28,537,574**	**$ 285,606**	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,214,664
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of: Equipment, net of $45,880 accumulated amortization.	21,146
Other assets are not available to pay current period expenditures and are deferred in the funds.	228,749
Pension liabilities are not due and payable in the current period and therefore, are not reported as liabilities in government funds, nor are related deferred outflows and inflows.	(2,122,772)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(228,057)
Net position of governmental activities	**$ 31,337,351**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Other Downtown Redevelopment	Total
Revenues			
Taxes	$ 3,916,786	$ 51,854	$ 3,968,640
Licenses and permits	67,826	—	67,826
Intergovernmental	3,818,619	85,186	3,903,805
Charges for services	135,319	—	135,319
Fines and forfeitures	7,670	—	7,670
Investment earnings and other	640,990	8,177	649,167
Total revenues	**8,587,210**	**145,217**	**8,732,427**
Expenditures			
Current			
City commission	93,321	—	93,321
Administration	639,165	—	639,165
Police	1,653,513	—	1,653,513
Fire	130,722	—	130,722
Streets and highways	745,626	—	745,626
Economic environment	—	37,049	37,049
Parks and cemeteries	591,663	—	591,663
Human services	36,322	—	36,322
Maintenance shop	132,310	—	132,310
Nondepartmental	212,908	—	212,908
Capital outlay	4,433,449	—	4,433,449
Debt service	—	—	—
Total expenditures	**8,668,999**	**37,049**	**8,706,048**
Net change in fund balance	(81,789)	108,168	26,379
Fund balance – beginning	11,019,804	177,438	11,197,242
Fund balance - ending	**$11,938,015**	**$ 285,606**	**$11,223,621**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Differences in amounts reported for governmental activities in the statement of activities.

Net change in fund balances – total governmental funds.	$ 26,379
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	4,433,449
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.	(1,162,474)
Repayment of long-term debt and current year lease principal payments are reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.	12,386
Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	7,859
Pension contributions are reported as expenditures in the funds while pension expense is reported in the government-wide statements.	77,091
Other benefits reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	(37,866)
Change in net position of governmental activities	**$ 3,356,824**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities/Enterprise Funds		
	Water, Sewer and Waste water	Solid Waste	Total
Assets			
Current assets			
Cash and cash equivalents	$ 4,706,562	$ —	$ 4,706,562
Accounts receivable (net)	583,945	53,368	637,313
Due from other funds	25,473,502	456,555	25,930,057
Total current assets	30,764,009	509,923	31,273,932
Non-current assets			
Right to use leased assets, net of amortization	21,675	—	21,675
Capital assets:			
Land and construction in process	8,068,225	—	8,068,225
Plant and equipment	112,912,461	116,376	113,028,837
Accumulated depreciation	(58,984,779)	(116,376)	(59,101,155)
Total capital assets, net of accumulated depreciation	61,995,907	—	61,995,907
Total non-current assets	62,017,582	—	62,017,582
Total assets	**92,781,591**	**509,923**	**93,291,514**
Deferred Outflow of Resources			
Employee Pension Contributions	683,340	73,221	756,561
Total deferred outflows	**683,340**	**73,221**	**756,561**

See accompanying notes to the basic financial statements

	Business-type Activities/Enterprise Funds		
	Water, Sewer and Wastewater	Solid Waste	Total
Liabilities			
Current liabilities			
Accounts payable	$ 418,712	$ —	$ 418,712
Accrued wages	152,582	5,631	158,213
Accrued interest	984	—	984
Due to other funds	22,721,519	196,592	22,918,111
Current portion of compensated absences	46,113	4,656	50,769
Current portion of lease liabilities	21,986	—	21,986
Current portion of long-term debt	759,815	—	759,815
Total current liabilities	24,121,711	206,879	24,328,590
Noncurrent liabilities			
Customer Deposits	722,814	—	722,814
Accrued compensated absences	138,338	13,968	152,306
Loans and revenue bonds payable	9,373,344	—	9,373,344
Net pension liability	1,653,942	223,778	1,877,720
Total noncurrent liabilities	11,888,438	237,746	12,126,184
Total liabilities	**36,010,149**	**444,625**	**36,454,774**
Deferred Inflows of Resources			
Employee Pension Contributions	365,327	29,546	394,873
Total deferred Inflows	**365,327**	**29,546**	**394,873**
Net Position			
Net investment in capital assets	51,862,748	—	51,862,748
Unrestricted	5,226,707	108,973	5,335,680
Total net position	**$57,089,455**	**$ 108,973**	**$57,198,428**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities/Enterprise Funds		
	Water Sewer and Wastewater	Solid Waste	Total
Operating revenues			
Solid waste charges	$ —	$ 1,267,118	$ 1,267,118
Wastewater charges	5,275,617	—	5,275,617
Water and sewer charges	4,177,171	—	4,177,171
Connection fees	133,815	—	133,815
Miscellaneous income	226,140	2,000	228,140
Total operating revenue	**9,812,743**	**1,269,118**	**11,081,861**
Operating expenses			
Personal services	3,509,658	122,439	3,632,097
Utilities	338,551	—	338,551
Operating supplies	1,497,146	—	1,497,146
Repairs and maintenance	703,564	—	703,564
Contractual services	320,779	1,110,436	1,431,215
Other operating	643,298	30,466	673,764
Depreciation	3,691,977	—	3,691,977
Total operating expenses	**10,704,973**	**1,263,341**	**11,968,314**
Operating income (loss)	**(892,230)**	**5,777**	**(886,453)**
Nonoperating revenues (expenses)			
Gain (loss) on disposal of assets	391,610	—	391,610
Interest income	46,384	—	46,384
Revenue bond and loan interest expense	(179,337)	—	(179,337)
Grant revenue	2,427,265	—	2,427,265
Total non operating revenues (expenses)	**2,685,922**	**—**	**2,685,922**
Change in net position	1,793,692	5,777	1,799,469
Net position – beginning	55,295,763	103,196	55,398,959
Net position - ending	**$ 57,089,455**	**$ 108,973**	**$57,198,428**

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities/Enterprise Funds		
	Water Sewer and Wastewater	Solid Waste	Total
Cash flows from operating activities			
Receipts from customers	$ 9,952,967	$ 1,282,835	$ 11,235,802
Payments to suppliers	(3,191,797)	(1,146,633)	(4,338,430)
Payments to employees	(3,526,524)	(122,439)	(3,648,963)
Net cash provided (used) by operating activities	**3,234,646**	**13,763**	**3,248,409**
Cash flows from noncapital financing activities			
Capital contributions - grants	2,427,265	—	2,427,265
Payments (to) from other funds	156,070	(13,763)	142,307
Net cash provided by noncapital financing activities	**2,583,335**	**(13,763)**	**2,569,572**
Cash flows from capital and related financing activities			
Acquisition of capital assets	(6,003,934)	—	(6,003,934)
Proceeds from sale of assets	391,610	—	391,610
Debt proceeds	1,587,804	—	1,587,804
Repayment of debt	(711,023)	—	(711,023)
Interest paid on long-term debt	(179,337)	—	(179,337)
Net cash used by capital and related financing activities	**(4,914,880)**	**—**	**(4,914,880)**
Cash flows from investing activities			
Interest earned	46,384	—	46,384
Net cash provided by investing activities	**46,384**	**—**	**46,384**
Increase in cash and cash equivalents	949,485	—	949,485
Cash and cash equivalents – beginning	3,757,077	—	3,757,077
Cash and cash equivalents – ending	**$ 4,706,562**	**$ —**	**$ 4,706,562**

(continued)

See accompanying notes to the basic financial statements

CITY OF PORT ST. JOE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities/Enterprise Funds		
	Water, Sewer and Wastewater	**Solid Waste**	**Total**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ (892,230)	$ 5,777	$ (886,453)
Adjustments to reconcile			
Depreciation	3,691,977	—	3,691,977
(Increase) decrease in assets			
Accounts receivable, net	140,224	13,717	153,941
Deferred outflows	(28,337)	(878)	(29,215)
Increase (decrease) in liabilities			
Accounts payable	343,381	(70)	343,311
Compensated absences	(41,480)	(3,144)	(44,624)
Customer deposits	73,962	—	73,962
Net pension liability	(232,663)	(7,213)	(239,876)
Deferred inflows	179,812	5,574	185,386
Net cash provided by (used in) operating activities	**$ 3,234,646**	**$ 13,763**	**$ 3,248,409**

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Port St. Joe (The City) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body that establishes governmental accounting and financial reporting principles.

This summary of the City's significant accounting policies is presented to assist the reader in interpreting the financial statements and other information in this report. These policies are essential and should be read in conjunction with the accompanying financial statements.

Reporting Entity

The City of Port St. Joe, Florida, is located in northwest Florida in Gulf County, on the Gulf of Mexico. The City operates under an elected Mayor-Commissioner and four-member City Commission and serves approximately 4,000 residents. The City provides a full range of municipal services as authorized by its charter, including administration, law enforcement, fire safety, streets and highways, economic environment, and parks and recreation. In addition, the City operates water, sewer, wastewater and solid waste utilities.

Component Unit- Downtown Redevelopment Agency

This report includes financial statements of the funds required to account for those financial activities which are related to the City and are controlled by or dependent upon the City's legislative body, the City Commission. The City has one component unit as defined by GASB Statement No. 14, *The Financial Reporting Entity* or in publications cited in the State of Florida, Office of the Auditor General Rules, Rules 10.553, which is required to be included in these financial statements. A component unit is an entity for which the City is considered to be financially accountable and is included in the City's reporting entity because of the significance of its operational or financial relationships with the City. A primary government 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 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 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.

The primary source of revenue is tax increment funds received through the City of Port St. Joe and Gulf County. The revenue from the City is treated as property taxes, while the remainder is recorded as intergovernmental revenue – tax increment financing.

On November 6, 1990, the city passed Resolution 198 authorizing the creation of the Port St. Joe Community Redevelopment Agency pursuant to Florida Statute 163.356. In accordance with Florida Statute 163.357, the City Commission of the City of Port St. Joe was designated as the "ex-officio" governing body of the Agency.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to the nature and significance of the Agency's relationship with the City, exclusion of the Agency's financial operations would render the City's financial statements incomplete or misleading.

The Agency is disclosed using the blended presentation method. Complete financial statements for the Downtown Redevelopment Agency may be obtained by writing to Port St. Joe Downtown Redevelopment Agency, P.O. Box 278, Port St. Joe, Florida 32457.

Measurement Focus and Basic Accounting

The basic financial statements of the City are composed of the following:

Government-wide financial statements
Fund Financial Statements
Notes to financial statements

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental fund:

General Fund- the general fund is the City's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allowed by law or contractual agreement to another fund are accounted for in this fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:
Water, sewer and wastewater fund – this fund is used to account for the assets, operation and maintenance of the City operated water and sewer systems, and the wastewater treatment plant.

Solid waste fund- this fund is used to account for the assets, operation and maintenance of the City owned solid waste treatment plant.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Proprietary 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for utility services. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the City's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget amendments that affect the total of a fund's budget must be approved by the City Commission.

The budgetary information presented for the general fund is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The City considers the following to be cash or cash equivalents: bank deposits, demand deposits, interest bearing accounts such as time deposits and certificates of deposit, and highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are recorded at their net realizable value. The balances at September 30, 2025, were $352,937 and $637,313 for governmental activities and business-type activities, respectively. These balances are expected to be entirely collectible and therefore, no allowance for doubtful accounts has been recorded.

Other receivables are recorded in the governmental fund types at their net realizable value. Where expenditures exceed receipts to date on cost reimbursement type grants, the difference is recorded as due from the grantor or pass-through agency.

Due From (To) Other Funds

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances.”

Inventories

Inventory items of materials and supplies, which are not significant in amount, are considered to be expenditures when purchased.

Prepaid Expenses

General fund expenditures for insurance and similar services extended over more than one year are accounted for as expenditures in the year paid.

Notes Receivable

Notes receivable due to the government fund type are reported on the balance sheet without regard to the fund’s spending measurement focus. However, special reporting treatment is used to indicate that these notes receivable are not considered “available spendable resources,” even though they are a component of net current assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, storm water system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Property, plant and equipment with initial individual costs that exceed $5,000 and estimated useful lives in excess of one year are recorded as capital assets. Infrastructure such as roads, bridges and sidewalks are capitalized when their initial costs exceed $10,000 and possess estimated useful lives in excess of one year. Capital assets are recorded at historical cost whether purchases or constructed or estimated cost if historical cost is unknown. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend its useful life are not capitalized.

Depreciation is recorded on the straight-line basis over the estimated useful lives of assets generally as follows:

Wastewater treatment plants and improvements	3-50 Years
Water and sewer distribution system	15-50 Years
Furniture, equipment, machinery and vehicles	3-20 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during the construction period is not capitalized.

Long-term Obligations

In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

Unamortized Bond Premiums

Bond premiums associated with the issuance of revenue bonds are amortized over the life of the bonds using the interest method. For financial reporting, unamortized bond premiums are added to the applicable long-term debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows

Deferred inflows reported in the government-wide financial statements represent unearned revenues. The deferred revenues are recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred inflows reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred inflows.

Compensated Absences

The City accounts for compensated absences (unpaid vacation and sick leave) in accordance with GASB Statement No. 16. Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. Proprietary fund types accrue sick leave and vacation benefits in the period they are earned. The City's policy is to allow limited vesting of employee vacation pay. Payment of unused sick leave, up termination, is also provided.

Property Taxes

Under Florida law, the assessment and the collection of all City, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method state-wide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's millage rate for the year ended September 30, 2025, was 3.5914 mills. The tax levy of the City is established by the City Commission prior to October 1, of each year.

Property tax revenue is recognized when taxes are received by the City. Because any delinquent taxes collected after September 30 would not be material, delinquent taxes are not accrued at year end.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

Property taxes are collected by the County Tax Collector. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Equity

In the government-wide financial statements, equity is classified as net position and displayed in three components:

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

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

c. Unrestricted net position – All other net position that do not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent.

These classifications may consist of the following:

Nonspendable Fund Balance – includes 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 – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council, the City's highest level of decision-making authority. Commitments may only be modified or removed by formal resolution of the City Council.

Assigned Fund Balance – includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City's Budget Committee is authorized to make assignments.

Unassigned Fund Balance – is represented by the residual classification of the General Fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principle requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Use of Restricted Asset

Certain assets of the various funds are required by resolutions and ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Subsequent events

The City evaluated subsequent events through May 27, 2026, the date which the financial statements were available to be issued. The City did not have any subsequent events requiring disclosure or recording in these financial statements.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds." The details of this difference are as follows:

Cost of capital assets	$32,631,774
Less: accumulated depreciation	(10,417,110)
Net adjustment to increase *fund balance – total governmental funds* to arrive at *net position of governmental activities*	$22,214,664

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Another element of that reconciliation states, "long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds." The details of this difference are as follows:

Accrued compensated absences	$ 228,057
Net adjustment to reduce *fund balance – total governmental funds* to arrive at *net position of governmental activities*	$ 228,057

Explanation of certain differences between the governmental funds statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes 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. One element of that reconciliation explains, "capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities and depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities." The details of this difference are as follows:

Capital outlay	$ 4,433,449
Depreciation expense	(1,162,474)
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$ 3,270,975

Another element of that reconciliation states, "Proceeds from debt is reported as revenue in the governmental funds but as an increase in long-term liabilities in the statement of net position and repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position." The details of these differences are as follows:

Principal repayments	$ 12,386
Increase in compensated absences	(37,866)
Net adjustment to decrease *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$ (25,480)

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits Policies

All cash resources of the City are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the City's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts they are assessed on a pro-rata basis. The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments Policies

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

The Local government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided sec. 163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest – bearing time deposits or savings accounts in state-certified qualified public depositories as defined in sec. 280.02.

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et. seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the City investments are not evidenced by specific, identifiable investment securities.

Interest Rate Risk

At September 30, 2025, the City did not hold any deposits or investments other than those disclosed below that were considered to be an interest rate risk

Custodial Risk

At September 30, 2025, the City did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

As September 30, 2025, the City did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2025, the City's cash and investments consisted of the following:

	Credit Rating	Current	0-5 Years	Total Carrying Amount
Cash including money Market fund	*(1)*	$18,826,644	$ —	$18,826,644
Total		$18,826,644	—	$18,826,644

(1) These funds are not rated. Investments in these funds are restricted to cash, short term obligations of the U.S. government and government backed securities.

The City does not have a formal policy relating to interest rate risk.

NOTE 4- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	September 30, 2024	Increases	Decreases	September 30, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 6,166,590	$ 503,781	$ —	$ 6,670,371
Construction in progress	461,845	1,430,296	(454,020)	1,438,121
Total capital assets, not being depreciated	6,628,435	1,934,077	(454,020)	8,108,492
Capital assets being depreciated:				
Buildings	3,377,515	25,625	—	3,403,140
Improvements	15,135,650	2,678,186	—	17,813,836
Furniture, equipment, and vehicles	3,381,083	249,584	(324,361)	3,306,306
Total capital assets being depreciated	21,894,248	2,953,395	(324,361)	24,523,282
Less accumulated depreciation for:				
Buildings	(1,406,554)	(103,220)	—	(1,509,774)
Improvements	(5,491,433)	(830,048)	—	(6,321,481)
Furniture, equipment, and vehicles	(2,681,010)	(229,206)	324,361	(2,585,855)
Total accumulated depreciation	(9,578,997)	(1,162,474)	324,361	(10,417,110)
Total capital assets being depreciated, net	12,315,251	1,790,921	—	14,106,172
Total Governmental activities, capital assets, (net of accumulated depreciation)	**$ 18,943,686**	**$ 3,724,998**	**$ (454,020)**	**$ 22,214,664**

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

Administration	44,941
Police	136,333
Fire	11,572
Streets and highways	424,172
Parks and recreation	535,842
Maintenance Shop	9,614
Total depreciation expense – governmental activities	**$ 1,162,474**

NOTE 4- CAPITAL ASSETS (continued)

	September 30, 2024	Increases	Decreases	September 30, 2025
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 1,396,638	$ —	$ —	$ 1,396,638
Intangible	502,588	—	—	502,588
Construction in progress	5,296,589	4,207,709	(3,335,299)	6,168,999
Total capital assets, not being depreciated	7,195,815	4,207,709	(3,335,299)	8,068,225
Capital assets being depreciated:				
Solid waste facility	116,376	—	—	116,376
Wastewater treatment plant and Improvements	64,811,045	4,376,928	(3,799)	69,184,174
Water and sewer distribution system	37,675,239	457,145	—	38,132,384
Furniture, equipment and vehicles	5,295,055	306,724	(5,876)	5,595,903
Total capital assets being depreciated	107,897,715	5,140,797	(9,675)	113,028,837
Accumulated depreciation				
Solid waste facility	(116,376)	—	—	(116,376)
Wastewater treatment plant and Improvements	(37,864,033)	(2,191,991)	3,799	(40,052,225)
Water and sewer distribution system	(14,217,654)	(1,024,023)	—	(15,241,677)
Furniture, equipment and vehicles	(3,220,789)	(475,963)	5,876	(3,690,876)
Total accumulated depreciation	(55,418,852)	(3,691,977)	9,675	(59,101,155)
Total capital assets being depreciated, net	52,478,863	1,448,820	—	53,927,682
Total business-type activities', capital assets, (net of accumulated depreciation)	**$ 59,674,678**	**$ 5,656,529**	**$ (3,335,299)**	**$ 61,995,907**

Depreciation expense was charged to business-type activities functions/programs of the primary government as follows:

Water, sewer and wastewater	$3,691,977
Total depreciation expense-business-type activities	**$3,691,977**

NOTE 5- LONG - TERM DEBT

Long-term obligations and debt at September 30, 2025, are as follows:

	Balance September 30, 2024	Additions	Deductions	Balance September 30, 2025	Due Within One Year
Governmental activities					
Liability for compensated absences	$ 187,103	$ 342,676	$ (323,548)	$ 206,231	$ 51,558
Total governmental activities Long-term obligations	**$ 187,103**	**$ 342,676**	**$ (323,548)**	**$ 206,231**	**$ 51,558**

	Balance September 30, 2024	Additions	Deductions	Balance September 30, 2025	Due Within One Year
Business-type activities Water, sewer and Wastewater fund					
Water and Sewer System Fixed Rate Loan Due 2035	$ 7,811,000	$ —	$ (653,000)	$ 7,158,000	$ 665,000
State Revolving Fund – Water distribution, dated 11/27/2023, payable semi-annually to 2054. Interest at 00.00%	760,581	—	(25,782)	734,799	25,782
State Revolving Fund – Sewer Headworks, dated 11/27/2023, payable semi-annually to 2054. Interest at 00.00%	675,454	—	(22,897)	652,557	22,897
State Revolving Fund – Sewer Headworks, dated 11/2023, payable semi-annually to 2046. Interest at 00.00%	—	1,560,774	—	1,560,774	44,785
State Revolving Fund – Sewer Headworks. dated 7/2024, payable semi-annually to 2036. Interest at 00.00%	—	27,030	—	27,030	1,352
Liability for compensated absences	241,411	407,198	(445,535)	203,074	50,769
Total business-type, activities long-term liabilities	**$ 9,488,446**	**$ 1,995,002**	**$ (1,147,214)**	**$ 10,336,234**	**$ 810,584**

NOTE 5- LONG - TERM DEBT (continued)

Future debt service requirements:

Year Ending September 30,	Enterprise Funds		
	Principal	Interest	Total
2026	$ 749,046	$ 125,442	$ 874,488
2027	795,119	124,560	919,679
2028	808,071	112,489	920,560
2029	819,036	100,216	919,252
2030	832,014	87,759	919,773
2031-2035	5,255,793	244,553	5,500,346
Thereafter	874,081	67,758	941,839
Total	**$ 10,133,160**	**$ 862,777**	**$10,995,937**

Water and Sewer Refunding Revenue Bond, Series 2021

On September 24, 2021 the City issued Water and Sewer Refunding Revenue Bonds, Series 2021 in the amount of $9,706,000, bearing interest at 1.64% annually (subject to adjustment as provided therein) and maturing on September 30, 2035. Along with City provided proceeds the 2021 Bonds were used to prepay the Water and sewer System Refunding revenue Note, Series 2010; the Clean Water State Revolving Fund Construction Loan/ and the Drinking Water State Revolving Fund construction Loan Agreement.

NOTE 6- INTERFUND RECEIVABLES, PAYABLE and TRANSFERS

The interfund balances at September 30, 2025 were as follows:

	Due from Other funds	Due to Other funds
General fund	$14,163,519	$17,175,465
Water, sewer and wastewater	25,930,057	22,918,111
Total	$40,093,576	$40,093,576

The interfunds loans were for operating advances.

NOTE 7- EMPLOYEE BENEFITS

A. Florida Retirement System

Plan Description – The County contributes to the Florida Retirement System (the FRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement The FRS provides retirement, disability or death benefits to retirees or their designated beneficiaries along with an annual cost-of-living adjustment. Employees are classified in either the regular service class or the senior management service class.

The Florida Legislature created the Florida Retirement Investment Plan (the "investment Plan"), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The Investment Plan is administered by the Department of Management Services and is an alternative available to members of the Florida Retirement System in lieu of participation in the defined benefit retirement plan ("the Pension Plan"). If the Investment Plan is elected, active membership in the Pension Plan is terminated. Eligible members of the Investment Plan are vested at one year of service and receive a contribution in an investment product with a third-party administrator selected by the State Board of Administration.

Chapter 121, *Florida Statutes,* establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. There are uniform contribution rates as discussed on the following page that cover both the defined benefit and defined contribution plans. Information for the required employer contributions made to the Investment Plan were unavailable from FRS.

Additional Financial and Actuarial Information – Additional audited financial information supporting the Schedules of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the Florida Comprehensive Annual Financial Report (CAFR) and in the Florida Retirement System Pension Plan, and Other State-Administered Systems CAFR.

See http://www.myfloridacfo.com/Division/AA/Reports/default.htm for an available copy of the Florida CAFR online.

The FRS CAFR and actuarial valuation reports as of June 30, 2025 are available online at http://ww.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services
Division of Retirement
Bureau of Research and Member Communications
P O Box 9000
Tallahassee, Florida 32315-900
850-488-4706 or toll free at 877-377-1737

NOTE 7- EMPLOYEE BENEFITS (continued)

Funding Policy – Prior to July 1, 2011, the FRS was employee noncontributory. Beginning July 1, 2011, employees who are not participating in the Deferred Retirement Option Plan (DROP) are required to contribute 3% of their salary to the FRS. The City is required to contribute at an actuarially-determined rate.

The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially determined accrued liability. As of June 30, 2025, the date of the latest valuation, the FRS funded ratio was 87.26% on a Governmental Accounting Standards Board Statement No. 67 reporting basis.

The County also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes.* The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program ("DROP"). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees and are reported by employers with monthly payroll reports and included with the amount submitted for retirement contributions. For the fiscal year ended September 30, 2025, the contribution rate was 2.0% of payroll pursuant to Section 112.363, *Florida Statutes.*

The contributions required for the years ended September 30, 2025, 2024 and 2023 were $588,237, and $569,212, respectively, which is equal to 100% of the required contribution for each year.

NOTE 7- EMPLOYEE BENEFITS (continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The City's contribution rates as of September 30, 2025 were as follows:

	10/1/24 to 9/30/25 FRS	10/1/23 to 9/30/24 FRS	HIS
Regular Class	11.57%	11.51%	2.00%
Special Risk Class	30.73%	30.61%	1.66%
Senior Management Service Class	37.76%	32.46%	1.66%
Elected Officials	56.62%	56.62%	1.66%
DROP	19.13%	19.13%	1.66%

Net Pension Liability – At September 30, 2025, the City reported for its share of the FRS and HIS plans the amount for the net pension liability as shown below:

	FRS	**HIS**	**Total**
June 30, 2025	$3,057,607	$1,141,829	$4,199,436
June 30, 2024	$3,463,935	$1,196,299	$4,660,234

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2025 and July 1, 2024 for the net pension liability as of June 30, 2025 and 2024, respectively.

At September 30, 2025, the City reported for its proportionate share of the employer portion for the FRS and HIS net pension liability the percentages below:

	FRS	**HIS**
June 30, 2025	0.009852083%	0.008908400%
June 30, 2024	0.008954276%	0.007974807%
Increase in Share for 2025	0.000897806%	0.000933593%

The City's proportionate share of the net pension liability was based on the City's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members of FRS.

NOTE 7- EMPLOYEE BENEFITS (continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2025, was determined by an actuarial valuation dated July 1, 2025, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	5.20%
Discount rate	6.70%	5.20%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2025 were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2025:

FRS: The long-term expected rate of return remained constant at 6.70%.

HIS: The municipal rate used to determine total pension liability was increased from 3.93% to 5.20%.

The long-term expected investment rate of return was not based on historical returns but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

NOTE 7- EMPLOYEE BENEFITS (continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.00%	3.2%	3.2%
Fixed Income	29.00%	5.5%	5.4%
Global Equity	45.00%	8.5%	6.9%
Real Estate (Property)	12.00%	8.4%	7.1%
Private Equity	11.00%	12.4%	8.8%
Strategic Investments	2.00%	6.5%	6.1%
Total	100.00%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.7%. FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis – the tables below represent the sensitivity of the net pension liability to changes in the discount rate for Port St. Joe, Florida. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2025.

FRS Net Pension Liability		
1% Decrease 5.7%	Current Discount Rate 6.7%	1% Increase 7.7%
$ 6,000,506	$ 3,057,607	$ 590,323

HIS Net Pension Liability		
1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
$ 1,287,596	$ 1,141,829	$ 1,019,577

NOTE 7- EMPLOYEE BENEFITS (continued)

Pension Expense and Deferred Outflows (Inflows) of Resources – In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized as pension expense in the current measurement period with the following exceptions shown below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using rational method over a time period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes of Assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

For the fiscal year ended September 30, 2025 the City recognized pension expense of 455,990 for the FRS plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources for the FRS Plan	Deferred Inflows of Resources for the FRS Plan
Differences between expected and actual experience	$ 326,585	$ —
Change of assumptions	355,068	—
Net difference between projected and actual earnings on FRS Plan investments	—	510,498
Changes in proportion and differences between City FRS Plan contributions and proportionate share of contributions	350,716	42,538
City FRS Plan contributions subsequent to the measurement date	142,172	—
Total	$ 1,174,541	$ 553,036

NOTE 7- EMPLOYEE BENEFITS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Expense
2026	$ 495,501
2027	(88,037)
2028	(131,751)
2029	(104,559)
2030	—
Thereafter	—
	$ 171,154

For the fiscal year ended September 30, 2025, the City recognized pension expense of 72,434 for the HIS plan. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Differences between expected and actual experience	$ 6,816	$ 1,811
Change of assumptions	10,106	276,179
Net difference between projected and actual earnings on HIS Plan investments	—	—
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	225,544	45,040
City HIS Plan contributions subsequent to the measurement date	19,688	—
Total	$ 262,154	$ 323,030

NOTE 7- EMPLOYEE BENEFITS (continued)

Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Reporting Period Ending June 30	FRS Expense
2026	$ (57,801)
2027	(69,203)
2028	(58,264)
2029	(46,692)
2030	(30,058)
Thereafter	—
	$ (262,018)

NOTE 8- GRANTS

The City participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2025, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the City's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the City expects such amounts, if any, to be immaterial.

NOTE 9- 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 government carries commercial insurance. Insurance against losses are provided for the following types of risk:

Workers' compensation and employer's liability
General and automobile liability
Real and personal property damage
Public officials' liability
Accidental death and dismemberment

The City's coverage of workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City's experience for this type of risk.

NOTE 10- GENERAL BUSINESS CONDITIONS: SOLID WATE DISPOSAL

Solid Waste Disposal

The City has an agreement with BCC Waste Solutions LLC, to provided solid waste sanitation and disposal services to City residents. The agreement is effective for five years ending September 30, 2025.

NOTE 11 – NOTE RECEIVABLE

In May 2011, the City entered into a mortgage agreement with the Port St. Joe Port Authority whereby the City made a loan in the amount of $201,402 which is secured by real estate. The loan was to be repaid over a five-year period and has an annual interest rate of 3%. No payments will be made for the first three years. Thereafter monthly interest payments will be paid with the first payment due on May 9, 2019. The note was to balloon on May 9, 2021 at which time all accrued interest and remaining balance will be due.

In March 2024 the City amended the terms of the note. The interest rate was reduced to zero, with all future payments applied to principal only. Monthly payments of $504 until the loan is repaid.

NOTE 12 – LEASE EQUIPMENT AND LEASE LIABILITY

Governmental Activities

The City entered into various equipment copiers, and computer leases effective during the fiscal year 2025, which have terms through September 30, 2027. The original leases called for combined annual payments of $16,254. The amortization of the leased equipment will be over the life of the lease. The City implemented GASB Statement 87 (Leases) on October 1, 2021. The cumulative effect of this implementation on the beginning net position is not material. As of September 30, 2025, the leased equipment, accumulated amortization and lease liability are as follows:

	September 30, 2025
Leased equipment	$ 67,026
Accumulated amortization	(45,880)
Leased equipment, net	$ 21,146
Leased liability, current	$ 12,114
Leased liability, long-term	9,712
Lease liability	$ 21,826

Amortization expense for the year ended September 30, 2025, was $12,386.

NOTE 12 – LEASE EQUIPMENT AND LEASE LIABILITY (continued)

Future payments relating to the lease liability are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 12,114	$ 514	$ 12,628
2027	9,712	159	9,871
Total	$ 21,826	$ 673	$ 22,499

Business-Type Activities

The City entered into a computer lease effective during the fiscal year 2025, which have terms through September 30, 2026. The original leases called for combined annual payments of $22,645. The amortization of the leased equipment will be over the life of the lease. The City implemented GASB Statement 87 (Leases) on October 1, 2021. The cumulative effect of the implementation on the beginning net position is not material. As of September 30, 2025, the leased equipment, accumulated amortization and lease liability are as follows:

	September 30, 2025
Leased equipment	$ 86,700
Accumulated amortization	(65,025)
Leased equipment, net	$ 21,675
Leased liability, current	$ 21,986
Leased liability, long-term	—
Lease liability	$ 21,986

Amortization expense for the year ended September 30, 2025, was $21,675.

NOTE 12 – LEASE EQUIPMENT AND LEASE LIABILITY (continued)

Future payments relating to the lease liability are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 21,986	$ 659	$ 22,645
Total	$ 21,986	$ 659	$ 22,645

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PORT ST. JOE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 3,937,863	$ 3,937,863	$ 3,916,786	$ (21,077)
Licenses and permits	73,641	73,641	67,826	(5,815)
Intergovernmental	7,473,937	7,473,937	3,818,619	(3,655,318)
Charges for services	151,299	151,299	135,319	(15,980)
Fines and forfeitures	11,543	11,543	7,670	(3,873)
Investment earnings and other	711,642	711,642	640,990	(70,652)
Total revenues	12,359,925	12,359,925	8,587,210	(3,772,715)
Expenditures:				
Current				
City commission	96,139	96,139	93,321	2,818
Administration	594,206	594,206	639,165	(44,959)
Police	1,512,102	1,512,102	1,653,513	(141,411)
Fire	174,641	174,641	130,722	43,919
Streets and highways	840,274	840,274	745,626	94,648
Parks and cemeteries	691,160	691,160	591,663	99,497
Human services	41,764	41,764	36,322	5,442
Maintenance shop	185,029	185,029	132,310	52,719
Nondepartmental	195,958	195,958	212,908	(16,950)
Capital outlay	9,028,652	9,028,652	4,433,449	4,595,203
Total expenditures	13,359,925	13,359,925	8,668,999	4,690,926
Excess (deficiency) of revenues over (under) expenditures	(1,000,000)	(1,000,000)	(81,789)	918,211
Other financing sources (uses)				
Cash carry forward	1,000,000	1,000,000	—	(1,000,000)
Total other financing Sources (uses)	1,000,000	1,000,000	—	(1,000,000)
Net change in fund balance	—	—	(81,789)	(81,789)
Fund balance - beginning	11,833,684	11,833,684	11,019,804	813,880
Fund balance – ending	**$11,833,684**	**$11,833,684**	**$10,938,015**	**$ (895,669)**

PORT ST. JOE COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL –
DOWNTOWN REDEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Property taxes	$ 51,854	$ 51,854	$ 51,854	$ —
Intergovernmental –				
Tax increment financing	85,186	85,186	85,186	—
Investment earnings and other	—	—	8,177	8,177
Total revenues	137,040	137,040	145,217	8,177
Expenditures:				
Current				
Economic environment	252,040	252,040	37,049	214,991
Total expenditures	252,040	252,040	37,049	214,991
Net change in fund balance	(115,000)	(115,000)	108,168	223,168
Fund balance - beginning	177,438	177,438	177,438	—
Fund balance - ending	**$ 62,438**	**$ 62,438**	**$ 285,606**	**$ 223,168**

The City adopts an annual budget for the General Fund and Downtown Redevelopment Fund. The City generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the City Clerk submits to the City Commission 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.

2. A public hearing is conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of an ordinance.

4. Budgetary control is maintained at the department level. The fund is the legal level of control.

5. Appropriations lapse at the end of the fiscal year.

6. The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

CITY OF PORT ST. JOE, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Years*
SEPTEMBER 30, 2025

Florida Retirement System

	2025	2024	2023	2022
Port St. Joe, Florida's proportion of the net pension liability	0.009852083%	0.008954276%	0.008733876%	0.008913071%
Port St. Joe, Florida's proportionate share of the net pension liability	$ 3,057,607	$ 3,463,935	$ 3,480,173	$ 3,316,379
Port St. Joe, Florida's covered-employee payroll	$ 4,413,383	$ 3,669,966	$ 3,163,247	$ 2,777,416
Port St. Joe, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.28%	94.39%	110.02%	119.41%
Plan fiduciary net position as a percentage of the total pension liability	87,26%	81.62%	82.38%	82.89%

Health Insurance Subsidy Programs

	2025	2024	2023	2022
Port St. Joe, Florida's proportion of the net pension liability	0.008908400%	0.007974807%	0.007712003%	0.008307754%
Port St. Joe, Florida's proportionate share of the net pension liability	$ 1,141,829	$ 1,196,299	$ 1,224,769	$ 879,901
Port St. Joe, Florida's covered-employee payroll	$ 4,413,383	$ 3,669,966	$ 3,163,247	$ 2,777,416
Port St. Joe, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.87%	32.6%	31.68%	33.69%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.01%	4.81%	3.56%

(continued)

CITY OF PORT ST. JOE, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Years* (continued)
SEPTEMBER 30, 2025

Florida Retirement System

	2021	2020	2019	2018
Port St. Joe, Florida's proportion of the net pension liability	0.007837233%	0.008370046%	0.007343064%	0.006610130%
Port St. Joe, Florida's proportionate share of the net pension liability	$ 592,014	$ 3,627,701	$ 2,528,849	$ 1,991,005
Port St. Joe, Florida's covered-employee payroll	$ 2,454,707	$ 2,378,923	$ 2,194,807	$ 2,489,824
Port St. Joe, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.12%	152.49%	115.22%	84.26%
Plan fiduciary net position as a percentage of the total pension liability	96.4%	85.1%	84.26%	86.87%

Health Insurance Subsidy Programs

	2021	2020	2019	2018
Port St. Joe, Florida's proportion of the net pension liability	0.006741380%	0.006715447%	0.007259802%	0.006752808%
Port St. Joe, Florida's proportionate share of the net pension liability	$ 826,932	$ 819,945	$ 812,300	$ 714,725
Port St. Joe, Florida's covered-employee payroll	$ 2,454,707	$ 2,378,923	$ 2,194,807	$ 2,489,824
Port St. Joe, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.69%	34.46%	37.01%	32.4%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	2.16%	2.15%	2.15%

CITY OF PORT ST. JOE, FLORIDA
PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Ten Years* (continued)
SEPTEMBER 30, 2025

Florida Retirement System

	2017	2016
Port St. Joe, Florida's proportion of the net pension liability	0.00686010%	0.007229092%
Port St. Joe, Florida's proportionate share of the net pension liability	$ 2,031,511	$ 1,825,351
Port St. Joe, Florida's covered-employee payroll	$ 2,309,987	$ 2,254,095
Port St. Joe, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.94%	80.98%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%

Health Insurance Subsidy Programs

	2017	2016
Port St. Joe, Florida's proportion of the net pension liability	0.006811785%	0.007035234%
Port St. Joe, Florida's proportionate share of the net pension liability	$ 728,347	$ 819,927
Port St. Joe, Florida's covered-employee payroll	$ 2,309,987	$ 2,254,095
Port St. Joe, Florida's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.53%	36.37%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%

Notes to schedules:
*The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year
*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.
**Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the measurement period ending June 30, 2025.

CITY OF PORT ST. JOE, FLORIDA
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
Last Ten Fiscal Years*
SEPTEMBER 30, 2025

Florida Retirement System

	2025	2024	2023	2022
Contractually required contribution	$ 455,990	$ 617,758	$ 420,156	$ 380,337
Contributions in relation to the contractually required contribution	455,990	(617,758)	(420,156)	(380,337)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Port St. Joe, Florida's covered-employee payroll	$ 4,413,383	$ 3,669,966	$ 3,163,247	2,777,416
Contribution as a percentage of covered-employee payroll	10.33%	16.83%	13.28%	13.69%

Health Insurance Subsidy Programs	2025	2024	2022	2021
Contractually required contribution	$ 72,434	$ 71,056	$ 50,731	$ 50,268
Contributions in relation to the contractually required contribution	72,434	(71,056)	(50,731)	(50,268)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Port St. Joe, Florida's covered-employee payroll	$ 4,413,383	$ 3,669,966	$ 3,163,247	$ 2,777,416
Contribution as a percentage of covered-employee payroll	1.64%	1.94%	1.60%	1.81%

(continued)

CITY OF PORT ST. JOE, FLORIDA
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
Last Ten Fiscal Years* (continued)
SEPTEMBER 30, 2025

Florida Retirement System	**2021**	**2020**	**2019**	**2018**
Contractually required contribution	$ 278,233	$ 256,002	$ 212,903	$ 229,545
Contributions in relation to the contractually required contribution	$ (278,233)	$ (256,002)	$ (212,903)	$ (229,545)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Port St. Joe, Florida's covered-employee payroll	$ 2,454,707	$ 2,378,923	$ 2,194,807	$ 2,489,824
Contribution as a percentage of covered-employee payroll	11.33%	10.76%	9.7%	9.2%

Health Insurance Subsidy Programs	**2020**	**2020**	**2019**	**2018**
Contractually required contribution	$ 91,773	$ 84,891	$ 76,426	$ 82,401
Contributions in relation to the contractually required contribution	(91,773)	(84,891	(76,426)	(82,401)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Port St. Joe, Florida's covered-employee payroll	$ 2,454,707	$ 2,378,923	$ 2,194,807	$ 2,489,824
Contribution as a percentage of covered-employee payroll	3.74%	3.48%	3.48%	3.30%

CITY OF PORT ST. JOE, FLORIDA
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
Last Ten Fiscal Years* (continued)
SEPTEMBER 30, 2025

Florida Retirement System	**2017**	**2016**
Contractually required contribution	$ 183,637	$ 236,279
Contributions in relation to the contractually required contribution	$ (183,637)	$ (236,279)
Contribution deficiency (excess)	$ —	$ —
Port St. Joe, Florida's covered-employee payroll	$ 2,309,987	$ 2,254,095
Contribution as a percentage of covered-employee payroll	7.9%	10.48%

Health Insurance Subsidy Programs	**2017**	**2016**
Contractually required contribution	$ 52,552	$ 64,186
Contributions in relation to the contractually required contribution	(52,552)	(64,186)
Contribution deficiency (excess)	$ —	$ —
Port St. Joe, Florida's covered-employee payroll	$ 2,309,987	$ 2,254,095
Contribution as a percentage of covered-employee payroll	2.27%	2.85%

Notes to schedules:
*Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP for the fiscal year ended September 30, 2025.
*The amounts presented for each fiscal year were determined as of 6/30 except for the covered payroll determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

COMPLIANCE SECTION

Vance CPA LLC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INVESTMENT COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of the
Of the City Commission
City of Port St. Joe, Florida

We have examined the City of Port St. Joe, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025, as required by Section 10.556(10)(a) *Rules of the Auditor General*.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

Apalachicola, Florida
May 27, 2026

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of the
Of the City Commission
City of Port St. Joe, Florida

We have audited the financial statements of the City of Port St. Joe, Florida as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 27, 2026.

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 Reports and Schedule
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 Auditor'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 May 27, 2026, 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 findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding 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 statement. This information is disclosed in the notes to the financial statements.

Financial Condition
Section 10.554(1)(i)5.a., and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedure and report the results of our determination as to whether or not the City of Port St. Joe, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Port St. Joe, Florida was not in a state of financial emergency, as it 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. It is management's responsibility to monitor the City of Port St. Joe'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.

Property Assessed Clean Energy (PACE) Programs
As required by Section 10.554(1)(i)6.a,. Rules of the Auditor General, the City did not operate a PACE program authorized pusuant to Section 163.081 or Section 163.082, Florida Statues, within the City's geographical boundaries during the fiscal year under audit.

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

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 did not have any such findings.

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

Apalachicola, Florida
May 27, 2026

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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

Honorable Mayor and Members
of the City Council
City of Port St. Joe, 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, and each major fund, of the City of Port St. Joe, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Port St. Joe, Florida's basic financial statements, and have issued our report thereon dated May 27, 2026.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City of Port St. Joe, Florida's internal control over financial reporting (internal control) to determine the 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 of Port St. Joe, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Port St. Joe, 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. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Port St. Joe, Florida'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 determination of financial statement amounts. 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 instance 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.

Apalachicola, Florida
May 27, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members
of the City Council
City of Port St. Joe, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited City of Port St. Joe, Florida's, (the City), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Port St. Joe, Florida's major federal programs and state projects for the year ended September 30, 2025. The City of Port St. Joe, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Port St. Joe, Florida 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 year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Port St. Joe, Florida 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 and state program. Our audit does not provide a legal determination of City of Port St. Joe, Florida'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, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Port St. Joe, Florida's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Port St. Joe, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Port St. Joe, Florida'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 of Port St. Joe, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

May 27, 2026
Apalachicola, Florida



Vance CPA LLC

CITY OF PORT ST. JOE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025

Federal Awards Program	ALN	Contract/Grant Number	Expenditures
U.S. Department of Justice			
Pass through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Grant	16.738	2019-JAGC-GULF-1-N2-018	62,331
			62,331
U.S. Department of the Treasury			
Pass through Florida Dept. of Environmental Protection			
Fain # Beacon Hill Sewer Grant	21.027	WG043	299,948
			299,948
U.S. Department of the Treasury			
Pass through Florida Dept. of Environmental Protection			
Fain # SLFRP0125 Septic to Sewer Grant	21.027	WG063	80,860
			80,860
Total ALN 21.027			380,808
U.S. Environmental Protection Agency			
Pass through Florida Dept of Environmental Protection			
Drinking Water Downtown Phase II	66.468	DA230160	1,934,294
			1,934,294
National Park Service			
Florida Historic Preservation			
Keepers Quarter & Oil Shed	15.957	P20AP00013	330,814
			330,814
U.S Department of Commerce			
North Port St Joe Stormwater			
Habitat Conservation	11.463	NA23NMF4630101	71,500
			71,500
U.S Department of Housing and Urban Development			
Pass through Florida Department of Economic Opportunity			1,827,013
CDBG DR 20th M0023 Sewer Grant			1,827,013
Total Federal Expenditures			**$ 4,606,760**

CITY OF PORT ST. JOE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025

State Financial Assistance Projects	CSFA #	Contract/Grant Number	Expenditures
Florida Dept. of Transportation			
Small County Outreach Program	55.009	453218-54-01	1,414,140
Contract# G2595 City Streets			1,414,140
Florida Dept. of Transportation			
Highway Traffic Safety Grant	20.600	G3408	22,394
			22,394
Florida Dept. of Transportation			
Highway Beautification Grant	55.003	452450-1-74-01	92,550
Contract# G2G54-3RD-4TH St Hwy 98			92,550
Florida Dept. of Environmental Protection			
Resilient Florida Grant	37.098	22PLN11	37,174
Vulnerability Assessment			37,174
Florida Dept. of Environmental Protection			
State Revolving Fund Program	66.468	LS230170	21,000
Lead & Copper Study			21,000
Florida Dept. of Financial Services			
Resilient Florida Grant	43.009	FM918	16,156
			16,156
Total State Expenditures			$1,494708

CITY OF PORT ST. JOE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2025

Note 1 – Basis of Accounting

The Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of Federal and State Financial Assistance (SEFA) are prepared on the modified accrual or accrual basis of accounting, depending on the type of fund in which the grant is reported, in accordance with accounting principles generally accepted in the United States of America.

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Reporting Entity

For the purpose of the supplementary schedule of expenditures of federal awards and state financial assistance the County includes all the funds of the primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity.*

Note 3 – Pass-Through Awards

The Board received certain federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal awards and state financial assistance.

Note 4 – Indirect Cost Rate

The City did not elect to utilize the 10% de minimis indirect cost rate.

Note 5 – Non-Cash Awards

The City did not receive non-cash federal awards during the year ended September 30, 2025.

Note 6 – Contingencies

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in disallowed expenditures under the terms of the grants. Based upon prior experience, the City does not believe that such disallowances, if any, would be material.

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___yes	_X_no
Significant deficiency(ides) identified that are not considered to be a material weaknesses?	___yes	_X_none reported
Noncompliance material to financial statements noted	___yes	_X_no

***Federal Awards*:**

Internal control over major Federal programs:

Material weakness(es) identified?	___yes	_X_no
Significant deficiency(es) identified?	___yes	_X_none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)	___yes	_X_none reported
Auditee qualified as a low-risk auditee.	_X_yes	___no

The dollar threshold used to distinguish between type A and type B programs: $1,000,000

Identification of major Federal programs:

Assistance Listing Number	**Program Name**
66.468	Septic to Sewer Grant

***State Financial Assistance*:**

Internal control over major State projects:

Material weakness(es) identified?	___yes	_X_no
Significant deficiency(es) identified?	___yes	_X_none reported

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

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550?	___yes	_X_none reported

Dollar threshold used to distinguish between type A and type B programs: $448,412

Identification of major State programs:

CSFA Number	Project Name
55.009	Small County Outreach Program

Section II – Financial Statement Findings

No findings in current year

Section III – Findings and Questioned Costs – Major Federal Award Programs

No findings or questioned costs in the current year.

Section IV – Findings and Questioned Costs – Major State Financial Assistance Projects

No findings or questioned costs in the current year.

Section V – Other Issues

No Corrective Action Plan is required.

CITY OF PORT ST. JOE, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2025

No prior year audit findings.