CITY OF STARKE, FLORIDA

FINANCIAL STATEMENTS

September 30, 2025

CITY COMMISSION

Andy Redding, Mayor
Janice Mortimer, Vice Mayor
Danny Nugent
Bob Milner
Scott Roberts

CITY OF STARKE, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Starke, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Starke, Florida, (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Starke, 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, each major fund, and the aggregate remaining fund information of the City, 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.

We did not audit the financial statements of the Police Officers' Pension Trust Fund and the Firefighters' Pension Trust Fund, which represent 47, 47, 46, and 46 percent, respectively, of the assets, net position, additions, and deductions of the Fiduciary Pension Trust Funds as of September 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our Opinions, insofar as they relate to the amounts included for the Police Officers' Pension Trust Fund and the Firefighters' Pension Trust Fund, are based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information includes Management's response to Findings and the combining schedules as identified in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and findings as described in the Schedule of Findings and Questioned Costs, 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 the City's internal control over financial reporting and compliance.

Other Reporting and Letters Required by Chapter 10.550, *Rules of the Auditor General*

In accordance with Chapter 10.550, *Rules of the Auditor General*, we have issued our report dated October 27, 2026 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of this report is to describe the scope of our examination and the issuance of an opinion on the City's compliance with requirements of Section 218.415, Florida Statutes.

In accordance with Chapter 10.550, *Rules of the Auditor General*, we have issued our management letter dated October 27, 2026. The purpose of this letter is to present our audit comments and recommendations which are further described in our Schedule of Findings and Questioned Costs.



Powell and Jones CPA
Lake City, Florida
October 27, 2026

CITY OF STARKE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

The City of Starke's (the City) discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the 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 which follow this discussion.

Financial and Other Highlights

- The assets and deferred outflows of the City of Starke exceeded its liabilities and deferred inflows on September 30, 2025, by $57,405,760 (net position) for an increase of 31% over the prior year. Of this amount $9,974,334 (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 $13,432,222 in fiscal year 2025, compared to an increase in net position of $10,252,045 in fiscal year 2024. The year-over-year increase in profitability of $3,180,177 is attributed primarily to increases in capital grants.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of $6,326,178. This combined fund balance amount increased by $993,066 from the prior year. Approximately 78% of total fund balance $4,904,198, is available for spending at the City's discretion (unassigned fund balance).
- The City's notes and loans payable (consisting of vehicle financing instruments, bank notes, and loans from federal and state governmental agencies) increased by $832,613 (7%) during the current fiscal year.

USING THIS ANNUAL REPORT

The focus of the financial statements 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, have a broader basis for comparison (year to year or government to government) and enhance the City's overall accountability.

This discussion and analysis is intended to serve as an introduction to the City of Starke'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 like a private-sector business. The focus is on activities, rather than fund types.

The Statement of Net Position presents information on all the City's assets, deferred inflows, liabilities, and deferred outflows, with the difference between the two reported as net position. The focus of the Statement of Net Position (unrestricted net position) is designed to be like 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 decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year, 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/or subsidy to various business-type activities. Both 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 users' fees and charges (business-type activities). The governmental activities of the City include general government, public safety, roads, streets and parks and recreation. The business-type activity of the City consists of the public utilities system. The government-wide financial statements include all the activities of the City of Starke, which is known as the primary government.

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 the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statement presentations 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 spending 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 (2) major governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the two funds. The City adopts an annual appropriated budget for its General Fund and Transportation Trust Fund. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with the budget.

Proprietary Funds

The City maintains one (1) proprietary fund. The Utility System Revenue Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses this enterprise fund to account for its electric, water, sewer, garbage, and gas utility system. Historically, the activities of the different utility services have been accounted for in this one proprietary fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City.

Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's only fiduciary activity is the defined benefit retirement plans for all full-time employees.

The City accounts for members of its retirement system in three separate and legally distinct groups; the general employees', police employees' and fire employees' retirement funds. The activities for each retirement group are reported in the other information section following this discussion.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following this discussion.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets (and deferred outflows of resources) exceeded liabilities (and deferred inflows of resources) by $57,405,760 an increase of $13,432,222 over the prior year.

The following table reflects the condensed Statement of Net Position for the current year as compared to the prior year. For more detailed information see the Statement of Net Position.

	Governmental Activities		Business- Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 7,313,363	$ 6,108,247	$ 13,390,640	$ 10,479,476	$ 20,704,003	$ 16,587,723
Capital assets	4,303,922	4,010,738	54,026,243	43,984,169	58,330,165	47,994,907
Total assets	11,617,285	10,118,985	67,416,883	54,463,645	79,034,168	64,582,630
Deferred outflows of resources	1,795,766	1,895,607	424,732	650,664	2,220,498	2,546,271
Liabilities:						
Current liabilities	463,069	670,271	4,210,933	4,265,274	4,674,002	4,935,545
Noncurrent liabilities	1,974,475	3,501,127	13,291,584	13,377,112	15,266,059	16,878,239
Total Liabilities	2,437,544	4,171,398	17,502,517	17,642,386	19,940,061	21,813,784
Deferred inflows of resources	2,400,810	997,963	1,508,035	343,616	3,908,845	1,341,579
Net position:						
Net investment in capital assets	4,175,283	3,829,399	41,022,915	31,516,812	45,198,198	35,346,211
Restricted	1,399,180	1,277,848	834,048	802,083	2,233,228	2,079,931
Unrestricted	3,000,234	1,737,984	6,974,100	4,809,412	9,974,334	6,547,396
Total net position	$ 8,574,697	$ 6,845,231	$ 48,831,063	$ 37,128,307	$ 57,405,760	$ 43,973,538

Approximately 79% of the City's net position reflected above is invested in capital assets (e.g., land, buildings, improvements, infrastructure, and vehicles and equipment) less any related debt used to acquire those assets which are still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of September 30, 2025 and 2024, the City has reported positive balances in all three categories of net position: for the City as a whole, as well as for its separate governmental and business-type activities.

Restricted net position was $2,233,228 as of September 30, 2025, an increase of $153,297 from the prior year. The increase is due to restricted revenues, such as local option fuel taxes, collected in the Transportation Trust Fund that exceeded expenditures for road improvement projects.

Statement of Activities

The following table reflects the condensed Statement of Activities for the current year as compared to the prior year. For more detailed information see the Statement of Activities.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ 196,516	$ 207,532	$ 13,002,985	$ 12,282,306	$ 13,199,501	$ 12,489,838
Operating grants and contributions	-	65,408	-	-	-	65,408
Capital grants and contributions	422,836	360,219	11,213,436	9,937,030	11,636,272	10,297,249
General revenues						
Property taxes	1,216,207	1,238,677	-	-	1,216,207	1,238,677
Other taxes and intergovernmental	3,051,925	2,854,543	-	-	3,051,925	2,854,543
Other	730,242	727,362	677,650	232,140	1,407,892	959,502
Total Revenues	5,617,726	5,453,741	24,894,071	22,451,476	30,511,797	27,905,217
Expenses						
General government	1,175,748	1,273,636	-	-	1,175,748	1,273,636
Public safety	1,849,281	2,757,725	-	-	1,849,281	2,757,725
Transportation	555,687	493,841	-	-	555,687	493,841
Culture and recreation	307,544	254,792	-	-	307,544	254,792
Utilities	-	-	13,191,315	12,873,178	13,191,315	12,873,178
Total expenses	3,888,260	4,779,994	13,191,315	12,873,178	17,079,575	17,653,172
Transfers	-	100,000	-	(100,000)	-	-
Change in net position	1,729,466	773,747	11,702,756	9,478,298	13,432,222	10,252,045
Net position, beginning of year	6,845,231	6,071,484	37,128,307	27,650,009	43,973,538	33,721,493
Net position end of year	$ 8,574,697	$ 6,845,231	$ 48,831,063	$ 37,128,307	$ 57,405,760	$ 43,973,538

Governmental activities

Governmental activities increased the City's net position by $1,729,466. This increase was primarily attributable to decreases in expense in the City's public safety functions. The City's governmental revenues increased by $163,985 compared to the prior fiscal year. This increase was primarily attributable to increases in higher tax revenues and capital grants and contributions.

Business-type activities

Business-type activities increased the City's net position by $11,702,756. The increased was primarily attributable to capital grants of $11,213,436. The City's Business-type revenues increased by $2,442,595 compared to the prior fiscal year. This increase was primarily attributable to increases in charges for services and capital grant revenues.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

As of September 30, 2025, the City's governmental funds reported combined ending fund balances of $6,326,178, an increase of $993,066 in comparison with the prior fiscal year. Approximately 78% of this total amount, $4,904,198, constitutes unassigned fund balances, which are available for spending at the City's discretion. The remainder of the fund balance, $1,421,980 is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been reserved for other purposes.

The General Fund is the chief operating fund of the City. At September 30, 2025, the unassigned fund balance of the General Fund was $4,904,198. The General Fund had restricted fund balances of $14,371 and amounts that were nonspendable of $22,800. Total fund balance in the General Fund increased by $871,734 over the prior year. General Fund revenues exceeded expenditures by $871,734, primarily attributable to capital grants of $422,836 and other revenues recognized during fiscal year 2025.

The Transportation Trust Fund is used to account for revenues and expenditures associated with the construction, improvement and maintenance of roads and streets in the City. The fund balance of the Transportation Trust Fund increased by $121,332 during the current fiscal year. The Transportation Trust fund has restricted fund balances for transportation and road improvement of $589,235 and $795,574 respectively.

Proprietary funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, just in more detail. Unrestricted net position of the Utility System Revenue Enterprise Fund at September 30, 2025, amounted to $6,974,100.

General Fund and Transportation Trust Fund Budgetary Highlights

Both the General Fund and the Transportation Trust Fund completed Fiscal Year 2025 under budget for expenditures by $3,162,454 and $1,078,732 respectively.

Capital Assets

The City's capital assets, net of accumulated depreciation, totaled $58,330,165 at September 30, 2025. Net investment in capital assets, after applicable adjustments for capital-related financing, totaled $45,198,198. This investment in capital assets includes land, buildings, improvements, infrastructure improvements vehicles, and equipment.

Major capital assets added during the current fiscal year included the following:

- The City purchased machinery and $99,787 of machinery and equipment for its governmental activities and disposed of $227,181. The City also purchased $400,252 of machinery and equipment for its business-type activities and disposed of $197,133.
- The City incurred construction, building and improvement, and infrastructure costs totaling $11,387,708 on active projects in fiscal year 2025, consisting of $546,522 relating to governmental activities and $10,841,186 relating to business-type activities. Capital assets for governmental activities and business-type activities consisted of the following as of September 30, 2025 and 2024:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets not being depreciated:						
Land	$ 380,473	$ 380,473	$ 1,589,398	$ 1,589,398	$ 1,969,871	$ 1,969,871
Construction in progress	491,760	267,359	39,226,953	29,103,357	39,718,713	29,370,716
Capital assets being depreciated:						
Infrastructure	11,266,345	11,185,497	35,639,434	35,183,813	46,905,779	46,369,310
Buildings and improvements	3,147,880	3,221,721	1,343,798	1,360,238	4,491,678	4,581,959
Machinery and equipment	1,848,075	1,776,842	6,618,269	6,415,150	8,466,344	8,191,992
Less: accumulated depreciation	(12,830,611)	(12,821,154)	(30,391,609)	(29,667,786)	(43,222,220)	(42,488,940)
	$ 4,303,922	$ 4,010,738	$ 54,026,243	$ 43,984,170	$ 58,330,165	$ 47,994,908

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

Long-term liabilities

At the end of the current fiscal year, the City had total long-term liabilities of $15,861,343, which consisted of $2,117,771 and $13,743,572 in governmental activities and business-type activities, respectively. A summary of the long-term liabilities obligations of the City follows:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Compensated absences	$ 191,614	$ 169,988	$ 247,443	$ 221,659	$ 439,057	$ 391,647
Bonds & notes payable	127,094	179,161	13,348,606	12,463,926	13,475,700	12,643,087
Net OPEB liability	512,162	486,591	147,523	144,531	659,685	631,122
Net pension liability	1,286,901	1,516,977	-	1,740,731	1,286,901	3,257,708
	$ 2,117,771	$ 2,352,717	$ 13,743,572	$ 14,570,847	15,861,343	$ 16,923,564

BASIC FINANCIAL STATEMENTS

CITY OF STARKE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,636,802	$ 3,615,838	$ 6,252,640
Investments	3,475,640	1,967,541	5,443,181
Accounts receivable, net	230,910	5,301,268	5,532,178
Due from pension trust funds	-	58	58
Due from other governments	384,483	-	384,483
Inventories	-	1,239,912	1,239,912
Prepaid items	22,800	6,459	29,259
Restricted assets:			
Cash and cash equivalents	-	834,048	834,048
Total current assets	6,750,635	12,965,124	19,715,759
Noncurrent assets:			
Lease receivables	261,131	-	261,131
Net pension asset	301,597	425,516	727,113
Capital assets:			
Capital assets, not being depreciated	872,233	40,816,351	41,688,584
Capital assets, being depreciated, net	3,431,689	13,209,892	16,641,581
Total noncurrent assets	4,866,650	54,451,759	59,318,409
Total assets	11,617,285	67,416,883	79,034,168
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	1,627,071	376,141	2,003,212
Related to OPEB	168,695	48,591	217,286
Total deferred outflows of resources	1,795,766	424,732	2,220,498
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	28,366	2,412,448	2,440,814
Customer deposits	-	1,266,259	1,266,259
Unearned revenue	289,862	-	289,862
Accrued interest payable	1,545	80,238	81,783
Notes payable, current portion	53,858	313,739	367,597
Compensated absences, current portion	89,438	138,249	227,687
Total current liabilities	463,069	4,210,933	4,674,002
Noncurrent liabilities:			
Notes payable, noncurrent portion	73,236	13,034,867	13,108,103
Compensated absences, noncurrent portion	102,176	109,194	211,370
Net OPEB liability	512,162	147,523	659,685
Net pension liability	1,286,901	-	1,286,901
Total noncurrent liabilities	1,974,475	13,291,584	15,266,059
Total liabilities	2,437,544	17,502,517	19,940,061
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	1,679,209	1,405,999	3,085,208
Related to OPEB	354,241	102,036	456,277
Related to leases	367,360	-	367,360
Total deferred inflows of resources	2,400,810	1,508,035	3,908,845
NET POSITION			
Net investment in capital assets	4,175,283	41,022,915	45,198,198
Restricted for:			
Public safety	14,371	-	14,371
Transportation	589,235	-	589,235
Road Improvements	795,574	-	795,574
Debt service	-	834,048	834,048
Unrestricted	3,000,234	6,974,100	9,974,334
Total net position	$ 8,574,697	$ 48,831,063	$ 57,405,760

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Function/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: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,175,748	$ 186,464	$ -	$ 422,836	$ (566,448)	$ -	$ (566,448)
Public safety	1,849,281	10,052	-	-	(1,839,229)	-	(1,839,229)
Transportation	555,687	-	-	-	(555,687)	-	(555,687)
Culture and recreation	307,544	-	-	-	(307,544)	-	(307,544)
Total governmental activities	3,888,260	196,516	-	422,836	(3,268,908)	-	(3,268,908)
Business-type activities:							
Electric	9,072,871	8,470,788	-	-	-	(602,083)	(602,083)
Water	626,890	1,283,913	-	656,525	-	1,313,548	1,313,548
Sewer	2,782,237	2,553,420	-	10,556,911	-	10,328,094	10,328,094
Gas	709,317	694,864	-	-	-	(14,453)	(14,453)
Total business-type activities	13,191,315	13,002,985	-	11,213,436	-	11,025,106	11,025,106
Total government	$ 17,079,575	$ 13,199,501	$ -	$ 11,636,272	(3,268,908)	11,025,106	7,756,198
General Revenues							
Property taxes					1,216,207	-	1,216,207
Sales tax					1,979,955	-	1,979,955
Other taxes					238,803	-	238,803
Franchise and utility taxes					833,167	-	833,167
Intergovernmental					410,638	-	410,638
Investment earnings					184,578	143,334	327,912
Miscellaneous revenues					135,026	534,316	669,342
Total general revenues and transfers					4,998,374	677,650	5,676,024
Change in net position					1,729,466	11,702,756	13,432,222
Net position - beginning of year					6,845,231	37,128,307	43,973,538
Net position - end of year					$ 8,574,697	$ 48,831,063	$ 57,405,760

See notes to financial statements.

CITY OF STARKE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Transportation Trust Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,976,143	$ 660,659	$ 2,636,802
Investments	2,841,059	634,581	3,475,640
Governmental receivable, net	230,910	-	230,910
Due from other governments	290,139	94,344	384,483
Lease receivables	261,131	-	261,131
Prepaid items	22,800	-	22,800
Total assets	$ 5,622,182	$ 1,389,584	$ 7,011,766
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	$ 23,591	$ 4,775	$ 28,366
Unearned revenue	289,862	-	289,862
Total liabilities	313,453	4,775	318,228
DEFERRED INFLOWS OF RESOURCES			
Related to leases	367,360	-	367,360
Total deferred inflows of resources	367,360	-	367,360
Fund balances			
Nonspendable:			
Prepaid items	22,800	-	22,800
Restricted for:			
Public safety	14,371	-	14,371
Transportation	-	589,235	589,235
Road improvements	-	795,574	795,574
Unassigned	4,904,198	-	4,904,198
Total fund balances	4,941,369	1,384,809	6,326,178
Total liabilities and fund balances	$ 5,622,182	$ 1,389,584	$ 7,011,766

See notes to financial statements.

CITY OF STARKE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balance of governmental funds		$ 6,326,178
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		
Total governmental capital assets	17,134,533	
Less accumulated depreciation	(12,830,611)	4,303,922
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(985,304)	
Deferred outflows related to pensions	1,627,071	
Deferred inflows related to pensions	(1,679,209)	(1,037,442)
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.		
Net OPEB liability	(512,162)	
Deferred outflows related to OPEB	168,695	
Deferred inflows related to OPEB	(354,241)	(697,708)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(127,094)	
Accrued interest payable	(1,545)	
Compensated absences	(191,614)	(320,253)
Net position of governmental activities		$ 8,574,697

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Transportation Trust Fund	Total Governmental Funds
REVENUES			
Taxes	$ 3,789,391	$ 478,742	$ 4,268,133
Permits and fees	184,160	-	184,160
Intergovernmental	302,389	108,249	410,638
Capital grants	422,836	-	422,836
Fines and forfeitures	12,357	-	12,357
Investment income	149,303	35,275	184,578
Miscellaneous	153,772	-	153,772
Total revenues	5,014,208	622,266	5,636,474
EXPENDITURES			
Current:			
General government	1,245,516	-	1,245,516
Public safety	1,992,118	-	1,992,118
Transportation	-	448,567	448,567
Culture and recreation	252,668	-	252,668
Capital outlay	593,942	52,367	646,309
Debt service			
Principal	51,957	-	51,957
Interest	6,273	-	6,273
Total expenditures	4,142,474	500,934	4,643,408
Net change in fund balances	871,734	121,332	993,066
Fund balances - beginning	4,069,635	1,263,477	5,333,112
Fund balances - ending	$ 4,941,369	$ 1,384,809	$ 6,326,178

See notes to financial statements.

CITY OF STARKE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances of governmental funds	$	993,066
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		646,309
Depreciation expense		(349,612)
Gain (loss) on disposition of assets		(3,513)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt		51,957
Decrease (increase) in accrued interest on long-term debt		742
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.		
Change in net pension liability and deferred inflows/outflows related to pensions		329,925
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available:		
Change in compensated absences liability		(21,625)
Change in net OPEB liability and deferred inflows/outflows related to OPEB		82,217
Change in net position of governmental activities	$	1,729,466

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - UTILITY SYSTEM REVENUE ENTERPRISE FUND
SEPTEMBER 30, 2025

ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,615,838
Investments	1,967,541
Accounts receivable, net	5,301,268
Inventories	1,239,912
Prepaid items	6,459
Due from other funds	58
Restricted assets:	
Cash and cash equivalents	834,048
Total current assets	12,965,124
Noncurrent assets:	
Net pension asset	425,516
Capital assets, not being depreciated	40,816,351
Capital assets, being depreciated, net	13,209,892
Total noncurrent assets	54,451,759
Total assets	67,416,883
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	376,141
Related to OPEB	48,591
Total deferred outflows of resources	424,732
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	2,412,448
Customer deposits	1,266,259
Notes payable, current portion	250,089
Accrued interest payable	474
Compensated absences, current portion	138,249
Payable from restricted assets:	
Notes payable, current portion	63,650
Accrued interest payable	79,764
Total current liabilities	4,210,933
Noncurrent liabilities:	
Notes payable, noncurrent portion	13,034,867
Compensated absences, noncurrent portion	109,194
Net OPEB liability	147,523
Total noncurrent liabilities	13,291,584
Total liabilities	17,502,517
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,405,999
Related to OPEB	102,036
Total deferred inflows of resources	1,508,035
NET POSITION	
Net investment in capital assets	41,022,915
Restricted for debt service	834,048
Unrestricted	6,974,100
Total Net Position	$ 48,831,063

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - UTILITY SYSTEM REVENUE ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Operating revenues		
Charges for services	$	13,002,985
Miscellaneous revenues		534,316
Total operating revenues		13,537,301
Operating expenses		
Personal services		3,204,662
Contractual services		1,053,631
Utilities		6,086,123
Maintenance and repairs		194,869
Other supplies		1,251,249
Insurance		153,839
Depreciation		1,112,001
Total operating expenses		13,056,374
Operating income (loss)		480,927
Nonoperating revenues (expenses)		
Interest earnings		143,334
Interest expense		(134,941)
Total nonoperating revenues (expenses)		8,393
Income (loss) before capital grants and transfers		489,320
Capital grants		11,213,436
Change in net position		11,702,756
Net position, beginning of year		37,128,307
Net position, end of year	$	48,831,063

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - UTILITY SYSTEM REVENUE ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Cash flows from operating activities		
Cash received from customers	$	11,720,462
Cash paid to employees		(3,951,782)
Cash paid to suppliers		(8,159,034)
Net cash used in operating activities		(390,354)
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets		(11,241,438)
Capital grants		11,213,436
Principal payments of long-term debt		(385,379)
Proceeds from issuance of long-term debt		1,270,060
Interest paid		(58,135)
Net cash provided by capital and related financing activities		798,544
Cash flows from investing activities		
Purchase of investments		(89,022)
Interest received		143,334
Net cash provided by investing activities		54,312
Net change in cash and cash equivalents		462,502
Cash and cash equivalents, beginning of year		3,987,384
Cash and cash equivalents, end of year	$	4,449,886
Cash and cash equivalents classified as:		
Unrestricted	$	3,615,838
Restricted		834,048
Total cash and cash equivalents	$	4,449,886
Reconciliation of operating income (loss)		
to net cash provided by operating activities:		
Operating income (loss)	$	480,927
Adjustments to reconcile operating income (loss)		
to net cash provided by (used in) operating activities:		
Depreciation		1,112,001
Changes in assets and liabilities:		
Accounts receivable,net		(1,848,858)
Inventories		(125,108)
Prepaid items		(937)
Accounts payable and accrued liabilities		665,943
Customer deposits		32,019
Due to/from other funds		40,779
Compensated absences		25,784
Net pension liability and related deferred outflows and inflows		(742,213)
Total OPEB liability and related deferred outflows and inflows		(30,691)
Net cash used in operating activities	$	(390,354)

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

	Pension Trust Funds
Assets	
Cash and cash equivalents	$ 796,168
Receivables	
Interest and dividends	34,282
Total receivables	34,282
Investments, at fair value	
Money market funds	1,687,511
U.S. Treasuries	235,068
Fixed income mutual funds	1,845,353
Corporate bonds	3,254,125
Equity securities	19,294,513
Total investments, at fair value	26,316,570
Total assets	27,147,020
Liabilities	
Accounts payable	37,690
Due to other funds	58
Total liabilities	37,748
Net position	
Restricted for pensions	$ 27,109,272

See notes to financial statements.

CITY OF STARKE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Funds
Additions	
Contributions:	
Employer	$ 824,180
Plan members	54,859
State insurance premium taxes	114,160
Total contributions	993,199
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	2,591,360
Interest and dividends	438,682
Total investment earnings	3,030,042
Less: investment expense	(156,308)
Net investment income (loss)	2,873,734
Miscellaneous revenue	
Other miscellaneous revenue	1,841
Total additions	3,868,774
Deductions	
Benefit payments and refunds	1,586,412
Administrative expenses	231,563
Total deductions	1,817,975
Change in net position	2,050,799
Net position restricted for pensions, beginning of year	25,058,473
Net position restricted for pensions, end of year	$ 27,109,272

See notes to financial statements.

Note 1: Summary of Significant Accounting Policies:

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

a) **Reporting entity** - The City is a Florida municipality with an elected five-member City Commission. The City was originally incorporated as the City of Starke in 1870. The City was reincorporated by Laws of Florida, Chapter 13426 (1927).

The accompanying financial statements include all funds, agencies and boards that are controlled by, or dependent on, the City.

Generally accepted accounting principles require that these financial statements present the City (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. There were no component units required to be disclosed as of September 30, 2025

b) **Government-wide financial statements** - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. 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 to external parties.

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

c) **Fund financial statements** - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the following major governmental funds:

General Fund—the primary operating fund, used to account for all activities except those required to be accounted for in another fund.

Transportation Trust Fund—a special revenue fund used to account for the general government's maintenance and construction of roads and the service of debt incurred for road construction.

This City elects to report the Transportation Trust Fund as major fund even though it does not exceed the GASB 34 thresholds requiring presentation as a major fund.

The City reports the following major enterprise fund:

Utilities System Revenue Fund—this fund is used to account for operations of the City's electric, garbage, gas, water, and wastewater systems, which are financed and operated in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

The City reports the following fiduciary fund:

Pension Trust Funds—Accounts for the net position held in trust for defined pension benefits and the related financial activities of the employees' retirement system, which accumulates resources for defined pension benefit payments to the Police Pension Trust Fund, the Fire Pension Trust Fund, and the General Pension Trust Fund. Assets accumulated and held in trust in defined contribution pension plans (deferred compensation and money purchase retirement plans) are not included in the financial statements, since such amounts vest with the employees.

d) **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 are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

e) **Fund balance**—Fund balance classifications are comprised of a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned:

Nonspendable—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. On the governmental funds balance sheet, the prepaid balance reported is offset by a nonspendable fund balance classification, which indicates it does not constitute "available spendable resources" even though it is a component of net current assets.

Restricted—this component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.

Committed—this component of fund balance consists of amounts that can only be used for the specific purposes determined by a formal action of the City Commission's highest level of decision-making authority (i.e., by ordinance). These committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action employed to constrain those amounts.

Assigned—this component of fund balance consists of amounts that are constrained by a less-than-formal action of the City's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The City Commission has not formally delegated this authority. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund.

Unassigned—this classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the general fund that are not restricted, committed, or assigned.

f) **Fund balance flow assumption**—When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the City's policy to use committed resources first, then assigned, and then unassigned, as needed.

g) **Deposits and investments**—For purpose of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments are reported at fair value based on quoted market prices, except for certificates of deposit, which are reported at cost, which approximates fair value.

h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

i) **Inventories and prepaid items**—Inventories are valued at the lower of cost or market as determined by the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

j) **Capital assets**—Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets, which are recorded at acquisition value at the date of contribution. The City uses a capitalization threshold of $5,000 for all classes of capital assets. Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

Assets	Years
Buildings	20 - 40
Improvements	10 - 50
Infrastructure	20 - 50
Equipment	3 - 10

k) **Compensated absences**—The City's policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued when the leave is more likely than not to be used for time off or otherwise paid or settled. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

l) **Deferred inflows and outflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category are deferred amounts related to pension and other postemployment benefits (OPEB), as discussed further in Note (8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category are deferred inflows of resources related to pensions and other postemployment benefits (OPEB), as discussed further in Note (8).

m) **Property taxes**—The Bradford County Tax Collector bills and collects property taxes for the City. At September 30, 2025, the property taxes receivable were not material.

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

Lien Date	January 1
Levy Date	November 1
Discount Period	November through February
No Discount Period	March
Delinquent Date	April 1

n) **Budgetary information**–Annual budgets are adopted for all funds of the City except for the Pension Trust funds that are effectively controlled through governing agreement and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.

The City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Commission. The recommended budget includes proposed expenditures and the source of receipts to finance them. City Commission holds a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by resolution, prior to October 30.

The budget, as adopted, may only be amended through formal approval by the City Commission. The level at which expenditures may not legally exceed the budget is at the fund level. The City Manager or City Clerk may transfer budgeted amounts within and between departments of the City without formal approval by the City Commission. For the year ended September 30, 2025, actual expenditures were less than budgeted expenditures in the General Fund by $3,162,454. **Operating revenues and expenses**—Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

p) **Use of estimates**—The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make various estimates. Actual results could differ from those estimates.

Note 2: Reconciliation of Government-Wide and Fund Financial Statement:

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

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

Note 3: Deposits and Investments:

Deposits - All of the City's deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes and, accordingly, are entirely insured by Federal Depository Insurance or collateralized pursuant to the *Florida Security for Public Deposits Act*.

Investments - The City holds two categories of investments. First it holds investments for the strategic benefit of the City within its governmental and proprietary funds. In addition, the City acts as a fiduciary agent for other investments held in its pension trust funds as discussed later in this note.

City's Investments:

The City does not have an investment policy; however, the types of investments held by the City conform with requirements Florida Statutes, Section 218.415. On September 30, 2025, the City's investments consisted of certificates of deposits and deposits in local government investments pools managed by FLCLASS.

Fair Value of City Investments

Certificates of deposits are considered a nonparticipating interest-earning investment contract that is measured at cost according to GASB 72 and is not required to be categorized within the fair value hierarchy.

FLCLASS measures its investments at fair value and investments in the pools are not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

Custodian Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All certificates of deposit are held in qualified public depositories pursuant to Chapter 280, Florida Statutes. All deposits are therefore either insured by federal depository

insurance or fully collateralized pursuant to the Florida Security for Public Deposits Act.

For an investment, this is the risk that in the event of the failure of an issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of the outside party. The City does not have an investment policy that limits exposure to this risk. However, the City's investments conform to the provisions of Florida Statutes, Section 218.415. The City generally limits its risk by investing its non-pension investments to certificates of deposit which are either fully collateralized or insured by FDIC and local government investment pools such as FLCLASS which are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the City's investment maturities are structured to match known cash needs and anticipated cash flow requirements.

The dollar weighted average days to maturity (WAM) of FLCLASS at September 30, 2025, was 36 days and the weighted average life (WAL) was 82 days. The WAM of FLCLASS Enhanced Cash at September 30, 2025 was 186 days and the WAL was 200 days.

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The certificates of deposit held by the City are not subject to concentration risks as they are either fully insured or collateralized. FLCLASS investment pools are diversified across allowable investments under Florida Statute 218.415. To compensate for any concentration risk, FLCLASS only invests in the highest quality securities. FLCLASS is rated by S&P Global Ratings. The current rating is 'AAAm.' FLCLASS Enhanced Cash is rated by FitchRatings. The current rating is 'AAAf/S1.'

Pension Plans' Investment

The City's Police Pension Plan is authorized to invest in the following investments:

1. Annuity and life insurance contracts of life insurance companies in amounts sufficient to provide, in whole or in part, the benefits to which all the participants in the municipal police officers' retirement trust fund are entitled and pay the initial and subsequent premiums thereon.

2. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building and loan association insured by the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund.

3. Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States.

4. Bonds issued by the State of Israel.

5. Bonds, stocks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided: The corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. Not more than 5% of the Plan's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of its outstanding capital stock or the aggregate investments under this category, at cost, exceed 60% of the assets of the fund.

6. Foreign securities to the maximum extent permitted by Florida law and all other investments permitted by Florida law.

The City's General and Fire Pension Plans are authorized to invest in the following investments:

1. Corporate equities must be issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, and listed on a recognized national stock exchange or the National Market System of the NASDAQ Stock Market. Not more than 5% of the Plan's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.

2. Corporate bonds and other evidences of indebtedness must meet the corporate organization and listing requirements above and, in the case of bonds only, have a rating in one of the three highest classifications as reported by a major credit rating service. Aggregate investments under the corporate securities category shall not exceed 75% of the market value of the assets of the fund.

3. Annuity and life insurance contracts sufficient to provide Plan benefits; qualifying insured bank and credit union time or savings accounts; obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States; and bonds issued by the State of Israel.

4. Foreign securities to the extent permitted by Florida law and all other investments permitted by Florida law.

For all three Plans, the municipal ordinances expressly prohibit commodities, futures and options, private placements, margin purchases, real estate, unrestricted letter stock, venture capital, warrants, and short selling.

The Plan is subject to using fair value measurement guidelines established by GASB. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

The following chart shows the General Employees' Pension fund cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Fair Value Hierarchy Classification
Money market funds	$ 1,142,010	N/A	Level 1
U.S. Treasuries	156,712	2.29	Level 1
Corporate bonds	2,263,034	8.20	Level 2
Equity securities	10,748,620	N/A	Level 1
Total General Employees' Plan	$ 14,310,376		

The following chart shows the Police Officers' Pension fund cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Fair Value Hierarchy Classification
Money market funds	$ 112,194	N/A	Level 1
Fixed income mutual funds	1,845,353	6.85	Level 1
Equity securities	3,431,116	N/A	Level 1
Total Police Officers' Plan	$ 5,388,663		

The following chart shows the Firefighters' Pension fund cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Fair Value Hierarchy Classification
Money market funds	$ 433,307	N/A	Level 1
Corporate bonds	991,091	3.51	Level 2
Equity securities	5,114,777	N/A	Level 1
Total Firefighters' Plan	$ 6,617,531		

The following chart shows the Moody's ratings of the fixed income investments of the three Pension Plan Trust Funds.

Rating	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
Aaa	$ 156,712	$ 424,633	$ 78,356
Aa2	-	684,168	-
A1	192,849	262,977	121,406
A2	534,744	-	256,664
A3	726,177	-	241,992
Baa1	284,666	-	118,610
Baa2	346,563	-	163,401
Baa3	178,035	-	44,968
Ba3	-	-	44,050
BBB	-	432,236	-
BBB	-	38,068	-
B	-	1,523	-
Unrated	-	1,748	-
	$ 2,419,746	$ 1,845,353	$ 1,069,447

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plans require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2025, the weighted average maturity in years for each investment type is included in the preceding table.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. For the Police Pension Plan, not more than 5% of the Plan's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding common or capital stock of that company. For the General and Fire Pension Plans, not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. The value of bonds issued by any single corporation shall not exceed 10% of the total fund. At September 30, 2025, the investment portfolios met the single issuer limitations.

Custodial Credit Risk: Custodial credit risk is the risk that the City may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to 25% of its investments in securities at market value in foreign securities. At September 30, 2025, the investment portfolios met the foreign securities limitations.

Note 4: Interfund Balances and Transfers:

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2025, individual fund interfund receivables and payables for the primary government were comprised of the following:

	Due from other funds	Due to other funds
Governmental Activities:		
General Fund	$ -	$ -
Transportation Trust Fund	-	-
Business-Type Activities:		
Utilities System Revenue Fund	58	-
Fiduciary Funds:		
General Pension	-	48
Police Pension	-	6
Fire Pension	-	4
Total	$ 58	$ 58

Note 5 : Receivables

The City's receivables consisted of the following at September 30, 2025:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	$ 230,910	$ -	$ 230,910
Intergovernmental	290,139	-	290,139
Transportation Trust Fund			
Intergovernmental	94,344	-	94,344
Total – Governmental Activities	615,393	-	615,393
Business-Type Activities:			
Utility Systems Revenue Fund			
Accounts receivable	5,693,901	(5,636)	5,688,265
Total – Business-Type Activities	5,693,901	(5,636)	5,688,265
Total	$ 6,309,294	$ (5,636)	$ 6,303,658

Note 6 : Capital Assets:

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

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 380,473	$ -	$ -	$ -	$ 380,473
Construction in progress	267,359	423,028	-	(198,627)	491,760
Total capital assets, not being depreciated	647,832	423,028	-	(198,627)	872,233
Capital assets, being depreciated					
Infrastructure	11,185,497	80,848	-	-	11,266,345
Buildings and improvements	3,221,721	42,646	(116,487)	-	3,147,880
Machinery and equipment	1,776,842	99,787	(227,181)	198,627	1,848,075
Total capital assets, being depreciated	16,184,060	223,281	(343,668)	198,627	16,262,300
Accumulated depreciation	(12,821,154)	(349,612)	340,155	-	(12,830,611)
Total capital assets, being depreciated, net	3,362,906	(126,331)	(3,513)	198,627	3,431,689
Governmental activities capital assets, net	$ 4,010,738	$ 296,697	$ (3,513)	$ -	$ 4,303,922

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated					
Land	$ 1,589,398	$ -	$ -	$ -	$ 1,589,398
Construction in progress	29,103,357	10,783,373		(659,777)	39,226,953
Total capital assets, not being depreciated	30,692,755	10,783,373	-	(659,777)	40,816,351
Capital assets, being depreciated					
Infrastructure	35,183,813	51,231	(255,387)	659,777	35,639,434
Buildings and improvements	1,360,238	6,582	(23,022)	-	1,343,798
Machinery and equipment	6,415,150	400,252	(197,133)	-	6,618,269
Total capital assets, being depreciated	42,959,201	458,065	(475,542)	659,777	43,601,501
Accumulated depreciation	(29,667,786)	(1,112,001)	388,178	-	(30,391,609)
Total capital assets, being depreciated, net	13,291,415	(653,936)	(87,364)	659,777	13,209,892
Business-type activities capital assets, net	$ 43,984,170	$ 10,129,437	$ (87,364)	$ -	$ 54,026,243

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	$ 107,442
Public safety	31,963
Transportation	142,410
Culture and recreation	67,797
Total depreciation expense - governmental activities	$ 349,612
Business-type activities:	
Utilities System Revenue Fund	$ 1,112,001
Total depreciation expense - business-type activities	$ 1,112,001

Note 7: Noncurrent Liabilities:

Noncurrent liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Governmental activities:					
Bonds & notes payable	$ 179,161	$ -	$ (52,067)	$ 127,094	$ 53,858
Compensated absences	169,988	21,626	-	191,614	89,438
Net OPEB liability	486,591	25,571	-	512,162	-
Net pension liability (Firefighter' plan)	1,516,977	-	(230,076)	1,286,901	-
Total governmental activities	$ 2,352,717	$ 47,197	$ (282,143)	2,117,771	$ 143,296
			Less current portion	(143,296)	
			Total noncurrent liabilities	$ 1,974,475	
Business-type activities:					
Bonds & notes payable	$ 12,463,926	$ 1,270,061	$ (385,381)	$ 13,348,606	$ 313,739
Compensated absences	221,659	25,784	-	247,443	138,249
Net OPEB liability	144,531	2,992	-	147,523	-
Total business-type activities	$ 14,570,847	$ 1,298,837	$ (2,126,112)	13,743,572	$ 451,988
			Less current portion	(451,988)	
			Total noncurrent liabilities	$ 13,291,584	

Notes payable in the City's governmental activities at September 30, 2025, were comprised of the following obligations:

$500,000 - 2017 Fire Truck Note, to acquire one 2017 fire truck. Note is payable in annual installments of $58,230 including interest at the rate which gives the lender a tax equivalent yield of 3.44%; final payment is due May 24, 2027; secured by the fire truck with an original cost of $435,000.	$ 127,094
Total notes payable - governmental activities	$ 127,094

Notes payable in the City's business-type activities at September 30, 2025, were comprised of the following obligations:

$2,000,000 - 2007 Electrical Upgrade Note, to purchase upgrades for the electrical system. Loan is payable and secured by a pledge of the electric utility revenue. Interest rate is variable and adjusted annually in July, based on 65% of the JP Morgan Prime rate (Index) minus .25% (1.86% as of September 2022); currently paid in monthly installments of $5,908, final payment is due October 2027.	$ 132,625
$1,645,035 - 2009 Federal Loan from Florida Department of Environmental Protection for sludge treatment (BioChem). Loan is payable and secured by a pledge of the utility system revenue. Interest rate is fixed at 2.49% and note is payable in semi-annual payments of $27,097 through December	276,948
$303,352 ($1,193,302 -$889,950 principal forgiveness) - 2016 Department of Environmental Protection Clean Water State Revolving Loan CW040200. The loan is payable in 40 semi-annual installments including interest at 0.6% per annum plus a loan service fee based on 2% of the final outstanding loan amount. First payment was due May 15, 2019. The loan is secured by the gross revenues of the utility system after payment of the operation and maintenance expense and senior revenue obligations.	258,675
$4,989,519 ($8,989,519 - $4,000,000 estimated principal forgiveness) - 2022 Department of Environmental Protection Clean Water State Revolving Fund Loan WW040201. This financing is being used for the construction of the Wastewater Collection System project. This loan is payable in 40 semi-annual installments including interest at 0.29% per annum plus a loan service fee of 2%. This project is not complete and the loan has not been fully disbursed. Payments on the loan balance will not commence until completion of the project.	1,385,645
$185,000 ($185,000 - $92,500 estimated principal forgiveness) - 2022 Department of Environmental Protection Drinking Water State Revolving Fund Loan DW040210. This financing is being used for the evaluation of the City's water infrastructure and WTP. This loan is payable in 20 semi-annual installments including interest at 0.96% per annum plus a loan service fee of 0%. This project is complete and the loan has been fully disbursed. Payments on the loan balance will not commence until November of 2025.	584,700
$10,676,000 - 2022 Capital City Bank Loan. This loan is temporary financing used for the construction of the wastewater treatment plant. The loan was issued 12/15/2022 at a 3.95% interest rate. It has 4 biannual payments the first three being interest only payments and the fourth being a balloon payment with the full amount of the loan due with interest. This loan was refinanced on 5/24/2024 with two USDA Revenue Bonds one for $8,819,000 at a 2.125% interest rate and the other for $1,857,000 at a 1.375% interest rate. The term of these bonds is forty years with annual installments.	10,499,000
$260,304 ($510,400 less $250,096 estimated principal forgiveness) - 2022 Department of Environmental Protection Drinking Water State Revolving Fund Loan LS040220. This financing is being used for the evaluation of the City's water infrastructure and WTP. This loan is payable in 20 semi-annual installments including interest at 0% per annum plus a loan service fee of $10,208. This project is not complete and the loan has not been fully disbursed. Payments on the loan balance will not commence until completion of the project.	211,013
Total notes payable - business-type activities	$ 13,348,606

The annual requirements to amortize notes payable as of September 30, 2025, are as follows:

Governmental Activities:

Year Ending September 30,	Principal	Interest	Total
2026	$ 53,858	$ 4,372	$ 58,230
2027	73,236	2,519	75,755
Total	$ 127,094	$ 6,891	$ 133,985

Business-type Activities:

Year Ending September 30,	Principal	Interest	Total
2026	$ 313,747	$ 219,192	$ 532,939
2027	344,466	213,036	557,502
2028	364,366	213,210	577,576
2029	369,960	207,898	577,858
2030-2034	1,736,044	963,015	2,699,059
2035-2039	1,769,748	847,043	2,616,791
2040-2044	1,834,733	721,982	2,556,715
Thereafter	6,615,542	1,425,769	8,041,311
Total	$ 13,348,606	$ 4,811,145	$ 18,159,751

Compensated absences:

During the fiscal year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences and requires liabilities for leave that has not been used to be recognized when earned if the leave is attributable to services already rendered and is more likely than not to be used or otherwise paid or settled.

The implementation of GASB Statement No. 101 was evaluated and did not result in a material change to the recognition of compensated absences liabilities. Accordingly, no prior period adjustment was required, and the adoption of the standard did not have a material impact on the beginning net position reported in the accompanying financial statements.

Note 8: Employees' Retirement Plans

Plan Description and Administration

The City of Starke Employees' Retirement System (the System) is a defined benefit, contributory pension plan (the Plan). The City of Starke Pension Board of Trustees is the administrator of a single-

employer public employee retirement system (PERS) established and administered by the City of Starke to provide pension benefits for its employees. The PERS was established under authority provided in Section 6(a) of the City's charter. The Plan can be amended through passage of an ordinance in accordance with state laws concerning local government retirement plans. The board of trustees approves Plan amendments.

Plan Board

The Plan is comprised of three components, the General Employees' Retirement System, the Police Officers' Retirement System, and the Firefighters' Retirement System. Each of these three components of the Plan has a board of trustees composed of five individuals.

For the General Employees' Retirement System pension board, two of the trustees are members of the City Commission, appointed by the mayor, one of whom may be the mayor. Two of the trustees are full-time employees and are elected by active general employees who are members of the plan. The remaining trustee is selected by the other trustees and confirmed by the City Commission.

For the Police Officers' Retirement System pension board, two of the trustees are legal residents of the City of Starke and are appointed by the City Commission. Two of the trustees are full-time police officers who are members of the plan and are elected by active police officers who are members of the plan. The remaining trustee is selected by the other trustees and confirmed by the City Commission.

For the Firefighters' Retirement System pension board, two of the trustees are legal residents of the City of Starke and are appointed by the City Commission. Two of the trustees are full-time firefighters who are members of the plan and are elected by active firefighters who are members of the plan (except for DROP members). The remaining trustee is selected by the other trustees and confirmed by the City Commission.

Plan Membership

Coverage applies to all full-time employees. As of October 1, 2024, the latest actuarial valuation date, the membership in the System consisted of the following:

Group	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
Inactive plan members and beneficiaries currently receiving benefits	48	18	7
Inactive plan members entitled to but not receiving benefits	-	-	-
Active plan members	48	-	41
Total	96	18	48

Normal Provisions

The System provides retirement benefits as well as death and disability benefits.

All benefits vest after 10 years of credited service (8 years for elected officials). Employees who retire at or after age 60 (55 for police officers and firefighters) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly, for life, in an amount equal to 2.5% (3% for firefighters, 3.75% for police officers) per year of service of their final average salary. Final average salary is the employee's highest salary for three consecutive years out of the last ten years.

For general employees hired on or after October 1, 2012, the retirement age increases to 65, and the annual retirement benefit is reduced from 2.5% to 1.6% per year of credited service of their final average salary.

Furthermore, effective February 1, 2013, the final average salary determination changes for employees hired on or after October 1, 2012, and for general employees hired prior to October 1, 2012, and not eligible for normal retirement as of January 1, 2013. The new determination is based on the highest 5 consecutive years out of the last 10 years.

Deferred Retirement Option Program (DROP) Provisions

Eligibility – General, firefighter, and police employees may participate in DROP when they are vested and have reached their normal retirement date. The “normal retirement date" is the earliest date at which individuals become eligible for full, unreduced benefits based upon age and/or service. Effective February 1, 2013, police employees may participate in the DROP when they are vested and have reached their normal retirement date.

Participation limits – Individuals may participate in DROP for a maximum of 60 months. The DROP eligibility begins the first month individuals reach their normal retirement date. If individuals fail to terminate employment at the end of their DROP period, both the retirement and DROP participation will be voided.

Payroll, Credited Service, and Contribution Information

Payroll for employees covered by the System, for the year ended September 30, 2025, was $3,633,366. The annual pension cost for the City was $802,071 which includes $122,413 member pickup paid by the City on behalf of the members.

Covered employees are required to contribute (1% for general members, 1% for police officers, 6% for volunteer firefighters, and 5% for full-time firefighters) a percentage of their salary to the System. The City has elected to contribute on behalf of each general, police and fire member, 5% of each member's covered wages. Effective for new hires on or after October 1, 2012, covered general members are required to contribute 1% of their salary to the system.

The City is required to contribute a percentage of covered payroll based on actuarially determined requirements of 25.4% for general employees, 16.9% for police officers and 27.9% for firefighters. Annually, the state contributes monies for police and fire employees from taxes levied on insurance premiums. The state contributions are legally restricted for payment of benefits for police and fire employees. Annual actuarial valuations are performed each year to determine the City's contribution requirements. Costs incurred to administer the retirement plan are financed by investment earnings.

If an employee leaves covered employment or dies after ten years of credited service, accumulated

employee contributions plus related investment earnings can be refunded to the employee or designated beneficiary. Benefit and contribution provisions are established by City ordinance and by State law.

The State of Florida also makes contributions to the Firefighters' and Police Officers' Retirement Plans in accordance with Chapter 175 and Chapter 185 of the Florida Statutes as amended by the State Legislature. This contribution by the State of Florida is first recognized as revenue in the General Fund before being transferred to the Pension Fund. The City's actual annual contribution for each plan is determined by subtracting estimated employee contributions and actual State of Florida contributions from the total annual required contribution as determined by the actuary. For the year ended September 30, 2025, there were no contributions from the State of Florida to the City's pension plans.

For the year ended September 30, 2025, Contributions to the City's pension plans were as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total
Employee contributions	$ 27,519	$ -	$ 27,340	$ 54,859
City contributions	462,330	144,991	216,859	824,180
State contributions	-	62,852	51,308	114,160
Total contributions	$ 489,849	$ 207,843	$ 295,507	$ 993,199

Financial Statements

The financial statements of the plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

Investment Policy

See Note (3) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2025:

	Target Asset Allocation		
Asset Class	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
Equities - Domestic	60%	35% - 60%	35% - 75%
Equities - International	NA	NA	0% - 25%
Fixed income	40%	40% - 65%	25%-55%
Cash and cash equivalents	Minimal	2%- 25%	Minimal

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2025, were as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total
Total pension liability	$ 12,861,054	$ 5,247,564	$ 7,509,643	$ 25,618,261
Plan fiduciary net position	(13,384,072)	(5,451,659)	(6,222,742)	(25,058,473)
Net pension liability	$ (523,018)	$ (204,095)	$ 1,286,901	$ 559,788
Plan fiduciary net position as a percentage of total pension liability	104.07%	103.89%	82.86%	97.81%

The total pension liability was determined by an actuarial valuation as of October 1, 2023, and measurement date of September 30, 2025, using the following actuarial assumptions to all measurement periods.

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
Inflation	2.5%	2.5%	2.5%
Salary increases	6.00% - 7.00%	5.00% - 7.00%	3.5% - 5.0%
Investment rate of return	7.00%	7.00%	7.25%
Mortality table	PUB-2010	PUB-2010	PUB-2010

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return: General Employees' Plan	Police Officers' Plan	Firefighters' Plan
Domestic equity	7.50%	20.92%	7.50%
International equity	8.50%	NA	8.50%
Domestic bonds	2.50%	0.82%	2.50%
International bonds	3.50%	NA	3.50%
Real estate	4.50%	NA	4.50%
Alternative assets	6.24%	NA	6.24%

Discount rate:

The discount rate used to measure the total pension liability for each pension plan varied as discussed on the following pages. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments is applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability:

Changes in each plan's net pension liability were as follows:

	General Employees' Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Beginning Balance	$ 13,050,820	$ 10,911,222	$ 2,139,598
Changes for year:			
Service cost	161,846	-	161,846
Interest	873,163	-	873,163
Differences between expected/actual experience	(253,128)	-	(253,128)
Contributions – employer	-	342,523	(342,523)
Contributions – employee	-	25,081	(25,081)
Contributions – employee picked up by employer	-	122,413	(122,413)
Net investment income	-	3,020,546	(3,020,546)
Benefit payments, including refunds	(971,644)	(971,644)	-
Administrative expenses	-	(66,066)	66,066
Net changes	(189,763)	2,472,853	(2,662,616)
Ending Balance	$ 12,861,057	$ 13,384,075	$ (523,018)

	Police Officers' Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Beginning Balance	$ 5,681,035	$ 4,800,212	$ 880,823
Changes for year:			-
Service cost	98,691	-	98,691
Interest	360,476	-	360,476
Differences between expected/actual experience	(336,121)	-	(336,121)
Contributions – employer	-	200,160	(200,160)
Contributions – employee	-	15,092	(15,092)
Contributions – employee picked up by employer	-	3,018	(3,018)
Net investment income	-	1,069,264	(1,069,264)
Benefit payments, including refunds	(556,517)	(556,517)	-
Administrative expenses	-	(79,570)	79,570
Net changes	(433,471)	651,447	(1,084,918)
Ending Balance	$ 5,247,564	$ 5,451,659	$ (204,095)

	Firefighters' Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Beginning Balance	$ 6,548,955	$ 5,031,978	$ 1,516,977
Changes for year:			
Service cost	157,666	-	157,666
Interest	547,418	-	547,418
Assumption Changes	617,680	-	617,680
Contributions – employer	-	208,194	(208,194)
Contributions – employee	-	27,183	(27,183)
Contributions – employee picked up by employer	-	24,774	(24,774)
Net investment income	-	1,390,928	(1,390,928)
Benefit payments, including refunds	(362,076)	(362,076)	-
Administrative expenses	-	(98,239)	98,239
Net changes	960,688	1,190,764	(230,076)
Ending Balance	$ 7,509,643	$ 6,222,742	$ 1,286,901

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City calculated using the selected discount rates, as well as what the City's net pension liability (NPL) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
General Employees'	7.00%	$ 685,930	$ (523,018)	$ (1,552,841)
Police Officers'	7.00%	411,712	(204,095)	(717,034)
Firefighters'	7.25%	2,222,733	1,286,901	501,896
		$ 3,320,375	$ 559,788	$(1,767,979)

For the year ended September 30, 2025, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
Annual money-weighted rate of return	28.19%	10.77%	10.90%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension income of $572,365 for the General Employees' Pension Plan and $36,306 for the Police Officers' Pension Plan, and pension expense of $309,519 for the Firefighters' Pension Plan, resulting in total pension income of $299,152.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees' Plan		Police Officers' Plan		Firefighters' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 192,472	$ 11,278	$ 190,095	$ 1,088,645	$ 50,900
Changes of assumptions	-	-	-	35,772	79,109	56,344
Net difference between projected and actual investment earnings	-	1,535,694	-	379,695	-	644,236
Total	$ -	$ 1,728,166	$ 11,278	$ 605,562	$ 1,167,754	$ 751,480

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

Year ended September 30,	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
2026	$ (494,434)	$ (239,190)	$ (16,199)
2027	(166,842)	(12,175)	57,199
2028	(611,704)	(193,346)	(148,511)
2029	(455,186)	(149,573)	(80,879)
2030	-	-	110,282
Thereafter	-	-	494,382
Total	$ (1,728,166)	$ (594,284)	$ 416,274

Pension Fund Financial Statements

The basic financial statements of the City includes a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column that includes consolidated information for all three pension trust funds. The other information section has a Combining Schedule of Fiduciary Net Position and Combining Schedule of Changes in Fiduciary Net Position which show the disaggregated amounts for all three pension trust funds with totals. The City has separately issued audited financial statements for the Police Officers' and Firefighters' Pension Trust Funds.

Note 9: Other Postemployment Benefits (OPEB)

Plan Description—City of Starke, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members and the City are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay- as-you-go financing requirements and is subject to constant revision. Currently, the City's OPEB benefits are unfunded. That is, there is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does the pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by the general assets of the City. Although an actuarial valuation for OPEB was completed to measure current year's subsidies and project future subsidies, the City Commission has determined that a separate trust fund or equivalent arrangement will not be established.

Benefits Provided—The Other Postemployment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected; however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the "implicit rate subsidy."

Plan Membership – At October 1, 2023, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	54
Inactive Employees	6
	60

Total OPEB Liability - The City's OPEB liability of $659,685 was measured as of October 1, 2024, and was determined by an actuarial valuation as of the date noted in the above Plan Membership section.

Actuarial Assumptions and Other Inputs - The total OPEB liability recorded at September 30, 2025, was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Discount rate	3.81%
Projected salary increases	3.5% - 7.0%
Healthcare cost trend rate	Based upon the Getzen Model starting at 6.30% gradually decreasing to an ultimate rate of 3.70% in 2042
Retirees' share of benefit-related costs	100% of blended health insurance premium rates except by law 0% for certain conditions for Firefighters death and disability benefits

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the Fidelity 20-Year Municipal GO AA Index.

Mortality rates for healthy members based on various PUB-2010 base tables, generational mortality using gender-specific MP-2018 mortality improvement projection scale. Disabled Employees based on various PUB-2010 Disabled mortality tables and no projected improvements.

Experience Study – The actuarial assumptions used in the October 1, 2024 Actuarial Valuations of the City of Starke Firefighters' Retirement System, City of Starke General Employees' Retirement System and City of Starke Police Officers' Retirement System are based on the results of an Experience Study for the period October 1, 2014 – September 30, 2019. This study was also used for the OPEB valuation.

For the fiscal year ended September 30, 2025, changes in the total OPEB liability were as follows:

Balance at September 30, 2024	$ 631,122
Changes:	
Service cost	34,462
Interest	27,973
Benefit changes	(42,446)
Changes of assumptions and other inputs	46,930
Benefit payments – implicit rate subsidy	(38,356)
Net changes	28,563
Balance at September 30, 2025	$ 659,685

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 2.19%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 726,016	$ 659,685	$ 603,153

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.5%-2.7%) or 1% higher (7.5%-4.7%) than the current healthcare cost trend rates (6.5%-3.7%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 585,467	$ 659,685	$ 751,167

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

For the year ended September 30, 2025; the City recognized OPEB income of $112,907. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,812	$ 228,449
Changes of assumptions and other inputs	55,053	227,828
Contributions subsequent to measurement date	57,421	-
Total	$ 217,286	$ 456,277

$57,421 reported as a deferred outflow of resources related to OPEB resulting from benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2025.

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

Year ended September 30,	
2025	$ (88,045)
2026	(127,758)
2027	(95,753)
2028	(81,906)
2029	(29,392)
Total	$ (422,854)

Note 10: Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

Note 11: Florida Municipal Power Agency (FMPA) and Florida Gas Utility:

The City's utility system is one of several individual municipal electric systems, which are members of FMPA, a cooperative power agency formed to provide bulk electric power to its participating members. FMPA has minority ownership interest in a number of electric generation projects and the City is a participant in two of them. Participant information was obtained from the fiscal year 2024-2025 annual report, which is the most recent issued audit report.

FMPA's St. Lucie Project

The City is one of many individual municipal electric systems, which are members of FMPA's St. Lucie Project. FMPA entered into certain agreements relating to the purchase and operation of the St. Lucie Project. These agreements provided an 8.8% (73.5 Mega Watt hours (MWh)) minority interest in the project. The St. Lucie plant has an estimated net capacity of 838 MW. The City has entered into Power Sales and Project Support Contracts with FMPA and has acquired a 2.18% share of power from the St. Lucie nuclear generating project. The City's participating share entitles it to 1.634 MW of electricity, annually.

If a Participant defaults in the performance of its obligations, under their Power Sales Contractor Project Support Contract, and FMPA is unable to sell such Participant's entitlement share, the remaining Participants not in default are obligated to assume pro rata shares of such entitlement share up to 125% of their original entitlement shares.

All-Requirements Power Contract

In May 1997, the City assigned its entitlement share in the Stanton I and II projects to FMPA. The City entered into an All-Requirements Project (ARP) contract and pledged to purchase all electricity through the ARP. In November 1997, the ARP was implemented and the City discontinued generating its own electricity. The City is one of thirteen individual municipal electric systems, which are members of FMPA's All-Requirements Project. The All-Requirements Project has varying ownership interest in the Stanton Unit 1 and 2, the Indian River Combustion Turbines A, B, C and D; the Key West Units 2 and 3.

In addition to its ownership of generating facilities, FMPA has entered into interchange and power purchase contracts with Progress Energy, FPL, Lakeland Electric, Southern Company, Calpine Energy Services, Gainesville Regional Utilities, OUC and other utilities. FMPA supplies all of the power needs of the project participants. The total electricity purchased for the City of Starke during the fiscal year was approximately $5,556,276.

Florida Gas Utility (FGU) In 1989, the City joined four other municipalities to form a non-profit municipal organization to provide natural gas at a low cost to its members. As of September 30, 2025, Florida Gas Utility consisted of twenty-two members. During the current fiscal year, the City purchased approximately $262,622 in natural gas from FGU for resale.

Note 12: Contingencies and Uncertainties:

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

As part of operating the City's natural gas system, the City has committed to purchase various quantities of natural gas, at fixed and variable prices, over the next several years. These contracts allow the City to secure a reliable supply of natural gas for its customers. Currently, the anticipated demand for natural gas by the City's customers exceeds the supply scheduled in advance by the City.

Note 13: Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that

have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2025, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

SGAS No. 104 Disclosure of Certain Capital Assets

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Initial adoption is required by the fiscal year ended September 30, 2026, but early adoption is encouraged. Management is still evaluating the potential impact of this pronouncement on the financial statements and other significant matters.

SGAS No. 103 Financial Reporting Model Improvements

This Statement requires:

· Information presented in MD&A be limited to certain topics and presented in a new format.

· Inflows and outflows related to each unusual or infrequent items to be reported separately as the last resource flow.

· Proprietary nonoperating revenues and expenses be classified according to new definitions and that a separate subtotal be presented for noncapital subsidies.

· Each major component unit to be presented in a separate column on the statement of net position and statement of activities, or a combining statement be presented.

· Budgetary comparison information be presented as RSI and that variances between original and final budgets be presented as well as an explanation of significant variances in the notes.

This standard is required to be adopted for the fiscal year ended September 30, 2026, but early adoption is encouraged. Management is still evaluating the potential impact of this pronouncement Management is still evaluating the potential impact of this pronouncement on the financial statements and other significant matters.

SGAS No. 102 Certain Risk Disclosures

This Statement requires that risks of substantial impact that are likely to occur due to concentrations and constraints be reported in the notes with certain additional information. This standard is required to be adopted for the fiscal year ended September 30, 2026, but early adoption is encouraged. Management believes this statement will have a nominal impact on the financial statements and other significant matters.

GASB issued Statement No. 101, Compensated Absences, in June of 2022. It replaces GASB 16 and creates a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. The provisions of GASB 101 are effective for the City's fiscal year ended September 30, 2025.

Note 14: Leases Receivable:

The City of Starke has a lease agreement with a term exceeding one year that does not transfer ownership of the underlying asset to the lessee. Under this agreement, the City has recorded a lease receivable and related deferred inflows of resources. The lease receivable is calculated based on the present value of future lease payments using a discount rate of 8.01%. Interest revenue is recognized over the life of the lease, while deferred inflows of resources are recognized as lease revenue over the lease term. As of September 30, 2025, the City reported a lease receivable of $261,131 and related deferred inflows of resources of $367,360. Lease revenue recognized during the fiscal year totaled $10,324. Future minimum lease payments to be received under the agreement are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	$ 434	$ 18,275	$ 18,709
2027	1,045	18,226	19,271
2028	1,718	18,131	19,849
2029	2,457	17,988	20,444
2030	3,268	17,790	21,058
2031-2035	31,446	83,706	115,152
2036-2040	66,371	67,121	133,493
2041-2045	119,353	35,401	154,755
2046-2050	35,039	1,455	36,494
Total future minimum lease payments	$261,131	$278,093	$539,224

No residual value guarantees, termination penalties, or options that are reasonably certain to be exercised exist.

Note 15: Subsequent Events

The City has evaluated subsequent events through October 27, 2026, the date the auditor's report was issued. No events were identified that require adjustment to, or disclosure in, the financial statements.

Note 16: Compensated Absences

In accordance with GASB Statement No. 101, compensated absences are recognized as a liability when leave is attributable to services already rendered, it accumulates, and it is more likely than not to be used or otherwise paid. The liability is measured using pay rates in effect at the financial statement date. Salary-related payments that are directly and incrementally associated with payments for leave are included in the measurement of the liability. These include applicable employer payroll taxes and employer contributions to defined contribution plans. Employer contributions to defined benefit pension and other postemployment benefit (OPEB) plans are not included in the compensated absences liability and are recognized separately in accordance with applicable standards. The Government uses a last-in, first-out (LIFO) flow assumption for purposes of determining which leave balances are expected to be used or paid.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STARKE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
REVENUES			
Taxes	$ 2,891,732	$ 3,789,391	$ 897,659
Permits and fees	326,588	184,160	(142,428)
Intergovernmental	707,722	302,389	(405,333)
Capital grants	-	422,836	422,836
Fines and forfeitures	9,472	12,357	2,885
Investment income	128,617	149,303	20,686
Miscellaneous	3,240,797	153,772	(3,087,025)
Total revenues	7,304,928	5,014,208	(2,290,720)
EXPENDITURES			
Current:			
General government	5,181,452	1,245,516	3,935,936
Public safety	1,818,325	1,992,118	(173,793)
Culture and recreation	305,151	252,668	52,483
Capital Outlay	-	593,942	(593,942)
Debt Service			
Principal	-	51,957	(51,957)
Interest	-	6,273	(6,273)
Total expenditures	7,304,928	4,142,474	3,162,454
Net change in fund balances	-	871,734	871,734
Fund balances - beginning	4,069,635	4,069,635	-
Fund balances - ending	$ 4,069,635	$ 4,941,369	$ 871,734

See notes to financial statements.

CITY OF STARKE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – TRANSPORTATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts	Actual	Variance with budget - Positive (Negative)
REVENUES			
Taxes	$ 360,829	$ 478,742	$ 117,913
Intergovernmental	99,735	108,249	8,514
Investment income	52,754	35,275	(17,479)
Total revenues	513,318	622,266	108,948
EXPENDITURES			
Current:			
Transportation	1,567,182	448,567	1,118,615
Capital outlay	12,484	52,367	(39,883)
Total expenditures	1,579,666	500,934	1,078,732
Net change in fund balances	(1,066,348)	121,332	1,187,680
Fund balances, beginning of year	1,263,477	1,263,477	-
Fund balances, ending of year	$ 197,129	$ 1,384,809	$ 1,187,680

See notes to financial statements.

CITY OF STARKE, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
SEPTEMBER 30, 2025

The City adopts an annual budget for the General and Transportation Trust Funds. The City generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the City Manager 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 a resolution.

4. Budgetary control is maintained at the department level. The fund is the legal level of control. For the year ended September 30, 2025, appropriations exceeded expenditures in the General Fund by $871,734 and Transportation Trust fund by $1,187,680.

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 STARKE, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS

Schedule of Changes in Total OPEB Liability and Related Ratios

Reporting Date - September 30,	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 34,462	$ 45,278	$ 71,840	$ 76,105	$ 70,494	$ 58,491	$ 61,350	$ 36,732
Interest	27,973	44,553	27,467	24,506	25,071	43,762	39,587	18,050
Benefit changes	(42,446)	-	-	-	-	13,937	-	-
Difference between expected and actual experience	-	(281,295)	-	213,605	-	(404,736)	-	294,119
Changes of assumptions	46,930	(125,491)	(276,834)	(33,826)	13,671	81,043	(46,216)	197,957
Benefit payments	(38,356)	(38,037)	(37,217)	(23,627)	(19,074)	(44,967)	(35,728)	(9,893)
Net change in total OPEB liability	28,563	(354,992)	(214,744)	256,763	90,162	(252,470)	18,993	536,965
Total OPEB liability - beginning of year	631,122	986,114	1,200,858	944,095	853,933	1,106,403	1,087,410	550,445
Total OPEB liability - end of year	$ 659,685	$ 631,122	$ 986,114	$ 1,200,858	$ 944,095	$ 853,933	$ 1,106,403	$ 1,087,410
Covered employee payroll (projected)	$ 2,762,767	$ 2,910,187	$ 3,381,249	$ 3,185,740	$ 2,865,387	$ 2,789,015	$ 2,660,012	$ 2,558,077
Total OPEB liability as a percentage of covered employee payroll	23.88%	21.69%	29.16%	37.69%	32.95%	30.62%	41.59%	42.51%
Notes to the Schedule:								
Measurement Date - October 1,	2024	2023	2021	2021	2020	2019	2018	2017
Valuation Date - October 1,	2023	2023	2021	2021	2019	2019	2017	2017

Notes to Schedule:

1. Update procedures were used to roll forward the Total OPEB Liability from the prior valuation date of October 1, 2023, to the October 1, 2024 measurement date.

2. Changes to benefit terms: The City Police Department was eliminated, resulting in the removal of the active Police liability.

3. Changes of assumptions: The discount rate decreased from 4.63% for the October 1, 2023 measurement date to 3.81% for the October 1, 2024 measurement date.

4. The City's OPEB benefits are unfunded - there is no separate Trust Fund or equivalent arrangement into which the City makes contributions to advance fund the obligation.

5. Covered employee payroll is based on pay provided as of each valuation date. GASB Statement No. 75 requires actual covered payoll for measurement period.

6. 10 years of data will be presented as it becomes available.

CITY OF STARKE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PLAN
SEPTEMBER 30, 2025

Reporting Date - September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 161,846	$ 150,463	$ 126,448	$ 119,388	$ 107,291	$ 77,857	$ 75,346	$ 77,269	$ 80,638	$ 80,417
Interest	873,163	890,061	871,187	886,528	900,994	903,186	943,073	965,027	968,718	922,364
Benefit changes	-	664,985	-	-	-	-	-	-	134,185	-
Difference between actual and expected experience	(253,128)	(378,734)	(130,480)	62,607	144,833	(195,751)	92,402	(11,730)	77,226	(120,675)
Assumption changes	-	-	-	683,365	(192,720)	-	-	(3,216)	694,526	-
Benefit payments including refunds of contributions	(971,644)	(1,105,861)	(970,701)	(1,233,370)	(986,901)	(1,000,790)	(1,669,630)	(1,187,543)	(979,794)	(813,053)
Net change in total pension liability	(189,763)	220,914	(103,546)	518,518	(26,503)	(215,498)	(558,809)	(160,193)	975,499	69,053
Total pension liability - beginning	13,050,820	12,829,906	12,933,452	12,414,934	12,441,437	12,656,935	13,215,744	13,375,937	12,400,438	12,331,385
Total pension liability - ending (a)	$ 12,861,057	$ 13,050,820	$12,829,906	$ 12,933,452	$12,414,934	$12,441,437	$12,656,935	$13,215,744	$13,375,937	$12,400,438
Total Fiduciary Net Position										
Contributions - employer	$ 342,523	$ 432,684	$ 531,720	$ 416,242	$ 668,747	$ 676,062	$ 601,642	$ 533,934	$ 434,152	$ 511,983
Contributions - employee	25,081	22,766	20,941	18,156	15,776	14,173	17,475	10,906	9,969	9,377
Contributions - employee picked up by employer	122,413	114,336	104,670	78,045	78,876	70,864	58,698	54,532	49,844	46,885
Net investment income	3,020,546	1,464,256	(1,565,442)	1,746,078	1,481,683	313,459	1,109,427	1,303,328	1,007,125	(485,656)
Benefit payments, including refunds of contributions	(971,644)	(1,105,861)	(970,701)	(1,233,370)	(986,901)	(1,000,790)	(1,669,630)	(1,187,543)	(979,794)	(813,053)
Administrative expense	(66,066)	(46,381)	(37,882)	(31,203)	(36,489)	(35,352)	(60,758)	(28,272)	(52,968)	(46,487)
Net change in plan fiduciary net position	2,472,853	881,800	(1,916,694)	993,948	1,221,692	38,416	56,854	686,885	468,328	(776,951)
Plan fiduciary net position - beginning	10,911,222	10,029,422	11,946,116	10,952,168	9,730,476	9,692,060	9,635,206	8,948,321	8,479,993	9,256,944
Plan fiduciary net position - ending (b)	$ 13,384,075	$ 10,911,222	$10,029,422	$ 11,946,116	$10,952,168	$ 9,730,476	$ 9,692,060	$ 9,635,206	$ 8,948,321	$ 8,479,993
Net pension liability - ending (a) - (b)	$ (523,018)	$ 2,139,598	$ 2,800,484	$ 987,336	$ 1,462,766	$ 2,710,961	$ 2,964,875	$ 3,580,538	$ 4,427,616	$ 3,920,445
Plan fiduciary net position as a percentage of the total pension liability	104.07%	83.61%	78.17%	92.37%	88.22%	78.21%	76.58%	72.91%	66.90%	68.38%
Covered payroll	$ 2,458,558	$ 2,301,373	$ 2,170,227	$ 1,602,219	$ 1,577,549	$ 1,417,282	$ 1,173,969	$ 1,090,634	$ 996,866	$ 936,706
Net pension liability as a percentage of covered payroll	-21.27%	92.97%	129.04%	61.62%	92.72%	191.28%	252.55%	328.30%	444.15%	418.54%

Notes to Schedule:

1. Measurement Date - September 30,	2025	2023	2022	2021	2020	2019	2018	2017	2016	2015
2. Valuation Date - October 1,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014

3. Changes of assumptions: None.

4. Changes in benefits: $100 increase in monthly benefits

5. Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates - actual DROP account balances as of measurement dates included in TPL.

6. Covered payroll on which contributions to the System are based is reported as provided under GASB No. 82.

7. 10 years of data will be presented as it becomes available.

CITY OF STARKE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' PLAN
SEPTEMBER 30, 2025

Reporting Date - September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 98,691	$ 126,711	$ 121,358	$ 93,494	$ 123,694	$ 129,963	$ 134,363	$ 114,569	$ 118,012	$ 137,664
Interest	360,476	383,396	352,817	340,890	344,138	334,716	325,988	319,489	301,631	295,404
Benefit changes	-	180,646	-	-	-	-	-	-	-	-
Difference between actual and expected experience	(336,121)	31,784	(61,183)	(50,293)	(21,441)	60,234	6,707	36,635	(131,179)	(20,659)
Assumption changes	-	-	-	157,458	(113,542)	-	-	(11,196)	329,557	-
Benefit payments including refunds of contributions	(556,517)	(377,516)	(257,539)	(265,825)	(281,497)	(288,921)	(499,920)	(186,296)	(195,249)	(148,844)
Net change in total pension liability	(433,471)	345,021	155,453	275,724	51,352	235,992	(32,862)	273,201	422,772	263,565
Total pension liability - beginning	5,681,035	5,336,014	5,180,561	4,904,837	4,853,485	4,617,493	4,650,355	4,377,154	3,954,382	3,690,817
Total pension liability - ending (a)	$ 5,247,564	$ 5,681,035	$ 5,336,014	$ 5,180,561	$ 4,904,837	$ 4,853,485	$ 4,617,493	$ 4,650,355	$ 4,377,154	$ 3,954,382
Total Fiduciary Net Position										
Contributions - employer	$ 200,160	$ 210,120	$ 114,182	$ 163,072	$ 192,906	$ 203,301	$ 215,652	$ 183,199	$ 170,839	$ 168,741
Contributions - employee picked up by employer	15,092	36,206	38,534	34,696	31,492	34,275	32,934	30,465	26,654	27,922
Contributions - employee	3,018	6,571	7,707	6,783	8,049	6,855	6,587	6,093	5,544	5,784
Net investment income	1,069,264	500,274	(743,171)	889,998	239,968	215,415	260,044	352,649	384,891	(77,433)
Benefit payments, including refunds of contributions	(556,517)	(377,516)	(257,539)	(265,825)	(281,497)	(288,921)	(499,920)	(186,296)	(195,249)	(148,844)
Administrative expense	(79,570)	(74,002)	(68,708)	(54,681)	(32,660)	(32,378)	(49,254)	(39,291)	(50,014)	(45,090)
Other	-	-	5,388	-	-	-	-	-	-	-
Net change in plan fiduciary net position	651,447	301,653	(903,607)	774,043	158,258	138,547	(33,957)	346,819	342,665	(68,920)
Plan fiduciary net position - beginning	4,800,212	4,498,559	5,402,166	4,628,123	4,469,865	4,331,318	4,365,275	4,018,456	3,675,791	3,744,711
Plan fiduciary net position - ending (b)	$ 5,451,659	$ 4,800,212	$ 4,498,559	$ 5,402,166	$ 4,628,123	$ 4,469,865	$ 4,331,318	$ 4,365,275	$ 4,018,456	$ 3,675,791
Net pension liability - ending (a) - (b)	$ (204,095)	$ 880,823	$ 837,455	$ (221,605)	$ 276,714	$ 383,620	$ 286,175	$ 285,080	$ 358,698	$ 278,591
Plan fiduciary net position as a percentage of the total pension liability	103.89%	84.50%	84.31%	104.28%	94.36%	92.10%	93.80%	93.87%	91.81%	92.95%
Covered payroll	$ 301,841	$ 724,141	$ 770,685	$ 693,915	$ 629,846	$ 685,497	$ 658,688	$ 609,302	$ 533,076	$ 558,435
Net pension liability as a percentage of covered payroll	-67.62%	121.64%	108.66%	-31.94%	43.93%	55.96%	43.45%	46.79%	67.29%	49.89%

Notes to Schedule:

1. Measurement Date - September 30, 2023 2023 2022 2021 2020 2019 2018 2017 2016 2015
2. Valuation Date - October 1, 2025 2022 2021 2020 2019 2018 2017 2016 2015 2014
3. Changes of assumptions: None.
4. Changes in benefits: 5% COLA
5. Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates - actual DROP account balances, reserve for excess State funds and Share Plan as of measurement dates included in TPL.
6. Covered payroll on which contributions to the System are based is reported as provided under GASB No. 82.
7. 10 years of data will be presented as it becomes available.

CITY OF STARKE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PLAN
SEPTEMBER 30, 2025

Reporting Date - September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 157,666	$ 154,669	$ 136,921	$ 123,551	$ 113,924	$ 84,734	$ 79,325	$ 69,461	$ 63,717	$ 83,956
Interest	547,418	457,550	365,428	384,958	365,099	337,300	335,636	305,434	289,172	262,020
Benefit changes	-	119,887	-	-	190,499		-	-	-	-
Difference between actual and expected experience	617,680	258,426	42,247	140,799	14,578	(6,284)	187,675	74,382	183,386	(164,041)
Assumption changes	-	-	-	107,244	(80,127)	-	-	(14,589)	18,331	-
Benefit payments including refunds of contributions	(362,076)	(226,283)	(215,680)	(205,560)	(421,546)	(355,281)	(155,053)	(134,757)	(378,840)	(83,962)
Net change in total pension liability	960,688	764,249	328,916	550,992	182,427	60,469	447,583	299,931	175,766	97,973
Total pension liability - beginning	6,548,955	5,784,706	5,455,790	4,904,798	4,722,371	4,661,902	4,214,319	3,914,388	3,738,622	3,640,649
Total pension liability - ending (a)	$ 7,509,643	$ 6,548,955	$ 5,784,706	$ 5,455,790	$ 4,904,798	$ 4,722,371	$ 4,661,902	$ 4,214,319	$ 3,914,388	$ 3,738,622
Total Fiduciary Net Position										
Contributions - employer	$ 208,194	$ 322,851	$ 189,025	$ 224,781	$ 240,755	$ 203,630	$ 191,176	$ 180,222	$ 171,238	$ 173,181
Contributions - employee	27,183	38,057	35,517	33,620	27,592	23,770	20,603	19,087	16,789	18,678
Contributions - employee picked up by employer	24,774	35,985	34,113	30,112	25,636	21,548	18,457	16,838	14,170	15,447
Net investment income	1,390,928	605,887	(695,271)	667,931	624,392	127,498	403,164	416,423	334,500	(194,473)
Benefit payments, including refunds of contributions	(362,076)	(226,283)	(215,680)	(205,560)	(421,546)	(355,281)	(155,053)	(134,757)	(378,840)	(83,962)
Administrative expense	(98,239)	(70,304)	(54,117)	(44,720)	(35,323)	(33,342)	(49,917)	(19,937)	(39,371)	(41,841)
Administrative expense	-	-	(3,069)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,190,764	706,193	(709,482)	706,164	461,506	(12,177)	428,430	477,876	118,486	(112,970)
Plan fiduciary net position - beginning	5,031,978	4,325,785	5,035,267	4,329,103	3,867,597	3,879,774	3,451,344	2,973,468	2,854,982	2,967,952
Plan fiduciary net position - ending (b)	$ 6,222,742	$ 5,031,978	$ 4,325,785	$ 5,035,267	$ 4,329,103	$ 3,867,597	$ 3,879,774	$ 3,451,344	$ 2,973,468	$ 2,854,982
Net pension liability - ending (a) - (b)	$ 1,286,901	$ 1,516,977	$ 1,458,921	$ 420,523	$ 575,695	$ 854,774	$ 782,128	$ 762,975	$ 940,920	$ 883,640
Plan fiduciary net position as a percentage of the total pension liability	82.86%	76.84%	74.78%	92.29%	88.26%	81.90%	83.22%	81.90%	75.96%	76.36%
Covered payroll	$ 522,361	$ 773,948	$ 705,669	$ 653,134	$ 545,328	$ 468,003	$ 404,909	$ 374,243	$ 327,059	$ 362,802
Net pension liability as a percentage of covered payroll	246.36%	196.01%	206.74%	64.39%	105.57%	182.64%	193.16%	203.87%	287.69%	243.56%

Notes to Schedule:

1. Measurement Date - September 30, 2025 2023 2022 2021 2020 2019 2018 2017 2016 2015
2. Valuation Date - October 1, 2023 2022 2021 2020 2019 2018 2017 2016 2015 2014
3. Changes of assumptions: None.
4. Changes in benefits: 5% COLA
5. Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates - actual DROP account balances and Share Plan as of measurement dates included in TPL.
6. Covered payroll on which contributions to the System are based is reported as provided under GASB No. 82.
7. 10 years of data will be presented as it becomes available.

CITY OF STARKE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PLAN
SEPTEMBER 30, 2025

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	$ 257,521	$ 257,521	$ -	$ 2,331,948	11.04%
2024	281,942	342,523	(60,581)	2,458,558	13.93%
2023	313,327	432,684	(119,357)	2,301,373	18.80%
2022	370,196	531,720	(161,524)	2,170,227	24.50%
2021	372,610	416,242	(43,632)	1,602,219	25.98%
2020	439,798	668,747	(228,949)	1,577,549	42.39%
2019	474,388	676,062	(201,674)	1,417,282	47.70%
2018	485,783	601,642	(115,859)	1,173,969	51.25%
2017	481,994	533,934	(51,940)	1,090,634	48.96%
2016	434,152	434,152	-	996,866	43.55%
2015	494,285	511,983	(17,698)	936,706	54.66%
2014	525,384	725,572	(200,188)	874,183	83.00%

Notes to Schedule:

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

Methods and assumptions used to determine contribution rates for the fiscal year ended September 30, 2024

Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percentage of Pay, Closed
Amortization Period:	30 years
Asset Valuation Method:	4-year smoothed market
Inflation:	2.5%
Salary Increases:	6.00-7.00%
Investment Rate of Return:	7.00%
Payroll Growth:	4.0% per annum - not greater than historical 10-year average (8.9%) - minimum 0.0%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	For healthy participants during employment, PUB-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table, separate rates for males and females, both set forward 3 years without projected mortality improvements.

Covered payroll on which contributions to the System are based is reported as provided under GASB No. 82.

CITY OF STARKE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PLAN
SEPTEMBER 30, 2025

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	$ 171,535	$ 171,535	$ -	$ -	N/A
2024	191,998	191,998	-	468,510	40.98%
2023	150,667	151,153	(486)	724,141	20.87%
2022	170,145	170,145	-	770,685	22.08%
2021	173,062	163,072	9,990	693,915	23.50%
2020	193,175	192,906	269	629,846	30.63%
2019	203,146	203,301	(155)	685,497	29.66%
2018	215,652	215,652	-	658,688	32.74%
2017	183,199	183,199	-	609,302	30.07%
2016	170,839	170,839	-	533,076	32.05%
2015	168,741	168,741	-	558,435	30.22%
2014	162,286	211,844	(49,558)	530,286	39.95%

Notes to Schedule:

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

Methods and assumptions used to determine contribution rates for the fiscal year ended September 30, 2024:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percentage of Pay, Closed
Amortization Period:	20 years
Asset Valuation Method:	4-year smoothed market value
Inflation:	2.5%
Payroll Growth:	4.0% per annum - not greater than historical 10-year average (1.8%) but not less than 0.0%.
Salary Increases:	5.0% - 7.0%
Investment Rate of Return:	7.00%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and

Covered payroll on which contributions to the System are based is reported as provided under GASB No. 82.

CITY OF STARKE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PLAN
SEPTEMBER 30, 2025

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	$ 217,776	$ 217,776	$ -	$ 522,361	41.69%
2024	235,074	235,074	-	706,298	33.28%
2023	252,844	254,169	(1,325)	773,948	32.84%
2022	253,385	253,385	-	705,669	35.91%
2021	223,804	224,781	(977)	653,134	34.42%
2020	240,953	240,755	198	545,328	44.15%
2019	203,606	203,630	(24)	468,003	43.51%
2018	191,176	191,176	-	404,909	47.21%
2017	180,222	180,222	-	374,243	48.16%
2016	134,684	171,238	(36,554)	327,059	52.36%
2015	163,445	173,181	(9,736)	362,802	47.73%
2014	173,612	216,595	(42,983)	382,968	56.56%

Notes to Schedule:

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two year(s) prior the fiscal year end in which contributions are reported.

Methods and assumptions used to determine contribution rates for the fiscal year ended September 30, 2024

Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percentage of Pay, Closed
Amortization Period:	30 years
Asset Valuation Method:	4-year smoothed market
Inflation:	2.5%
Salary Increases:	3.5%-5.0%
Investment Rate of Return:	7.25%
Payroll Growth:	4.0% per annum - not greater than historical 10-year average (6.5%).
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018. For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.

Covered payroll on which contributions to the System are based is reported as provided under GASB No. 82.

CITY OF STARKE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
SEPTEMBER 30, 2025

For the Fiscal Year Ending September 30,	General Employees' Plan	Police Officers' Plan	Firefighters' Plan
2025	28.19%	10.77%	10.90%
2024	28.19%	25.28%	23.77%
2023	15.02%	11.88%	14.21%
2022	-14.08%	-14.05%	-14.77%
2021	18.70%	20.80%	18.90%
2020	15.00%	6.07%	15.30%
2019	4.13%	5.02%	3.95%
2018	10.16%	6.20%	9.84%
2017	14.28%	9.17%	12.75%
2016	11.28%	11.14%	10.31%
2015	-5.42%	-2.27%	-7.49%
2014	12.22%	9.37%	10.91%

OTHER INFORMATION

COMBINING SCHEDULES

CITY OF STARKE, FLORIDA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 139,001	$ 381,950	$ 275,217	$ 796,168
Receivables				
Interest and dividends	23,268	-	11,014	34,282
Total receivables	23,268	-	11,014	34,282
Investments, at fair value				
Money market funds	1,142,010	112,194	433,307	1,687,511
U.S. Treasuries	156,712	-	78,356	235,068
Fixed income mutual funds	-	1,845,353	-	1,845,353
Corporate bonds	2,263,034	-	991,091	3,254,125
Equity securities	10,748,620	3,431,116	5,114,777	19,294,513
Total investments, at fair value	14,310,376	5,388,663	6,617,531	26,316,570
Total assets	14,472,645	5,770,613	6,903,762	27,147,020
Liabilities				
Accounts payable	-	16,301	21,389	37,690
Due to other funds	48	6	4	58
Total liabilities	48	16,307	21,393	37,748
Net position				
Restricted for pensions	$ 14,472,597	$ 5,754,306	$ 6,882,369	$ 27,109,272

See notes to financial statements.

CITY OF STARKE, FLORIDA
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total Pension Trust Funds
Additions				
Contributions:				
Employer	$ 462,330	$ 144,991	$ 216,859	$ 824,180
Plan members	27,519	-	27,340	54,859
State insurance premium taxes	-	62,852	51,308	114,160
Total contributions	489,849	207,843	295,507	993,199
Investment earnings:				
Net appreciation (depreciation) in fair value of investments	1,467,870	407,766	715,724	2,591,360
Interest and dividends	205,814	138,249	94,619	438,682
Total investment earnings	1,673,684	546,015	810,343	3,030,042
Less: investment expense	(88,487)	(20,500)	(47,321)	(156,308)
Net investment income (loss)	1,585,197	525,515	763,022	2,873,734
Miscellenous revenue				
Other miscellenous revenue	389	199	1,253	1,841
Total additions	2,075,435	733,557	1,059,782	3,868,774
Deductions				
Benefit payments and refunds	905,302	350,247	330,863	1,586,412
Administrative expenses	81,609	80,662	69,292	231,563
Total deductions	986,911	430,909	400,155	1,817,975
Change in net position	1,088,524	302,648	659,627	2,050,799
Net position restricted for pensions, beginning of year	13,384,073	5,451,658	6,222,742	25,058,473
Net position restricted for pensions, end of year	$ 14,472,597	$ 5,754,306	$ 6,882,369	$ 27,109,272

See notes to financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

CITY OF STARKE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Grantor / Program Title	Assistance Listing #/CSFA	Contract Number/Grant ID #	Award Amount	Current Expenditures	Major Programs
Federal Awards					
US Department of Treasury					
Passed through the Florida Department of Emergency Management					
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5299	$ 2,715,629	$ 235,869	
U.S. Department of Housing and Urban Development					
Passed through the Florida Department of Commerce					
Community Development Block Grant CARES (CDBG-CV)	14.228	H2591 (22CV-S47)	700,000	7,500	
Community Development Block Grant (CDBG-NR)	14.228	H2547 (23DB-N10)	700,000	34,500	
			1,400,000	42,000	
US Department of Agriculture					
Wastewater System Improvement Project (WWTP)	10.760	Grant 92-04	7,808,000	245,117	*
Wastewater System Improvement Project (WWTP)	10.760	Grant 92-07	1,825,000	1,825,000	*
Wastewater System Improvement Project (WWTP)	10.760	Grant 92-08	6,306,189	2,815,613	*
			26,615,189	4,885,730	
Environmental Protection Agency					
Passed through Florida Department of Environmental Protection					
Drinking Water State Revolving Fund	66.468	Loan LS040220	510,400	91,000	*
Drinking Water State Revolving Fund - Grant	66.468	FS98452221-0 & DW040210	792,500	622,025	*
Drinking Water State Revolving Fund - Loan	66.468	FS98452221-0 & DW040210	792,500	622,025	*
			2,095,400	1,335,050	
Total federal awards			$ 32,826,218	$ 6,498,649	

See notes to schedule of expenditures of federal awards and state financial assistance.

CITY OF STARKE, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Grantor / Program Title	Assistance Listing #/CSFA	Contract Number/Grant ID #	Award Amount	Current Expenditures	Major Programs
State Financial Assistance					
Florida Department of Environmental Protection					
Statewide Water Quality Restoration Projects (Collections)	37.039	LPA0389	$ 3,750,000	$ 2,690,083	*
Wastewater Treatment and Stormwater Management TF (SCADA)	37.077	Grant WW040201	4,000,000	631,131	
Wastewater Treatment and Stormwater Management TF (SCADA)	37.077	Loan WW040201	4,989,519	777,818	
			8,989,519	1,408,949	
Florida Recreation Development Assistance Program (Thomas St)	37.017	A23077 (Thomas St Park)	49,838	36,891	
Florida Department of Commerce					
Housing and Community Development (City Walk/Music Pavilion)	40.038	HL211	400,000	160,463	
Community Planning Technical Assistance (Visioning Plan)	40.024	P0513	58,500	58,500	
Total state financial assistance			$ 13,247,857	$ 4,354,886	

See notes to schedule of expenditures of federal awards and state financial assistance.

CITY OF STARKE, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

I. Summary of Significant Accounting Policies

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards of the City of Starke, Florida have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and NonProfit Organizations and Office of Management and Budget *Uniform Guidance*.

II. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City of Starke, Florida, and is presented on the accrual basis of accounting. 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 State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

III. Indirect Cost Rate

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

IV. Subrecipients

No federal or state awards were provided to subrecipients.

V. Schedule of Findings and Questioned Costs

The schedule of findings and questioned costs as required by 2 CFR § 200.516 is presented in the other reports and letters section below.

OTHER REPORTS AND LETTERS

Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Mayor and City Commission
City of Starke, Florida

We have examined the City of Starke, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. 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. Under those standards, we plan and perform our work to obtain reasonable assurance that the City's compliance with the requirements identified above is free of material noncompliance. Our procedures included obtaining and evaluating evidence concerning compliance. We selected the nature, timing, and extent of those procedures using professional judgment and our assessment of the risks of material noncompliance arising from fraud or error. In our judgment, the evidence obtained is sufficient and appropriate to support our opinion.

The ethical requirements applicable to this engagement require our independence and compliance with other professional ethical responsibilities.

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.

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

Powell and Jones

Powell and Jones CPA
Lake City, Florida
October 27, 2026

Powell and Jones CPA

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

To the Mayor and City Commission
City of Starke, 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, each major fund, and the aggregate remaining fund information of the City of Starke, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 27, 2026.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Powell and Jones CPA
Lake City, Florida
October 27, 2026

Powell and Jones CPA

204 N. Marion Ave.
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Phone 386.755.4200

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

To the Mayor and City Commission
City of Starke, Florida

We have audited the basic financial statements of the City of Starke, Florida (the City) as of and for the year ended September 30, 2025, and have issued our report thereon dated October 27, 2026, which is unmodified.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report(s) 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 October 27, 2026, should be considered in conjunction with this management letter.

PRIOR YEAR AUDIT FINDINGS

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report:

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2022-23 FY Finding No.	2021-22 FY Finding No.
Corrected	2024-001	2023-001
Corrected	2024-002	N/A

FINANCIAL COMPLIANCE MATTERS

Financial Emergency Status – We have determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment Procedures – As required by the *Rules of the Auditor General*, Sections 10.554(1)(i)7.c and 10.556(7), we applied financial condition assessment procedures to the Council's financial statements. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided. We noted no deteriorating financial conditions as defined by Rule 10.554(2)(f).

Recommendations - Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our recommendations are presented in the schedule of findings and questioned costs.

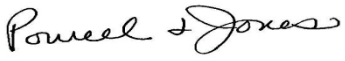
Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

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 have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Commission, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Powell and Jones CPA
Lake City, Florida
October 27, 2026

Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

Communication with Those Charged with Governance

To the Mayor and City Commission
City of Starke, Florida

We have audited the financial statements of the City of Starke, Florida for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Starke, Florida are described Note 1 to the financial statements. No significant new accounting policies were adopted, and the application of existing policies was not changed during the year ended September 30, 2025. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City of Starke, Florida's financial statements, except pension and OPEB related estimates which are disclosed in Notes 8 and 9.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 27, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Managements Discussion and Analysis, the Budgetary Comparison Schedules, the Pension Schedules, and the OPEB Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

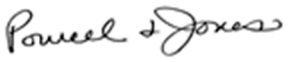
We were engaged to report on the Schedule of Expenditures of Federal Awards and State Financial Assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the combining schedules, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on use

This information is intended solely for the use of the City Commission and management of the City of Starke, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
October 27, 2026

Powell and Jones CPA

204 N. Marion Ave.
Lake City, FL 32055
Phone 386.755.4200

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

To the Mayor and City Commission
City of Starke, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550 Rules of the Auditor General. 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 the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program and State project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, 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 not detecting material noncompliance resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project 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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

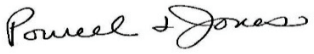
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



Powell and Jones CPA
Lake City, Florida
October 27, 2026

CITY OF STARKE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified	No
• Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Federal Awards and State Projects

Internal control over major Federal programs and State projects:	
• Material weakness identified	No
• Significant deficiencies identified	None reported
Type of auditor's report issued on compliance for major Federal programs and State projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a) or Chapter 10.557 Rules of the Auditor General	None reported

Identification of major Federal programs and State projects:

Federal Program

Assistance Listing Number	Name of Program
10.760	Wastewater System Improvement Project
66.468	Drinking Water State Revolving Fund

State Project

CSFA#	Name of Project
37.039	Statewide Water Quality Restoration Projects (Collections)

Dollar threshold used to distinguish between Type A and Type B Federal programs:	$1,000,000
Dollar threshold used to distinguish between Type A and Type B State projects:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings and Recommendations

There were no current year findings or questioned costs.

Section III – Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

Section IV – State Financial Assistance Findings and Questioned Costs

There were no current year findings or questioned costs.