

**CITY OF STARKE, FLORIDA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**



**CITY COMMISSION**

*Scott Roberts, Mayor*  
*Andy Redding, Vice Mayor*  
*Janice Mortimer*  
*Danny Nugent*  
*Shannon Smith*

**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, 2023, 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, 2023, 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, 45, and 39 percent, respectively, of the assets, net position, additions, and deductions of the Fiduciary Pension Trust Funds as of September 30, 2023. 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.

**Emphasis of Matter – Adoption of New Accounting Pronouncement**

As discussed in Note 13, effective October 1, 2022, the City has adopted the provisions contained in Statement of Governmental Accounting Standards ("SGAS") No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to that matter.

## **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.

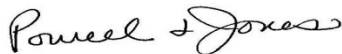
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2024, 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 August 29, 2024 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 August 29, 2024. 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'S**  
**Lake City, Florida**  
**August 29, 2024**

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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, 2023, by \$33,721,493 (net position) for an increase of 1% over the prior year. Of this amount \$11,940,084 (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 \$404,610 in fiscal year 2023, compared to an increase in net position of \$3,314,962 in fiscal year 2022. The year over year decrease in profitability of \$2,910,352 is attributed primarily to increases in net pension liability.
- As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$4,163,878. This combined fund balance amount increased by \$627,794 from the prior year. Approximately 71% of total fund balance, \$2,961,964, 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 \$10,518,121 (755 percent) during the current fiscal year. This increase was primarily due to a new loan of \$10,676,000 used to finance a portion of the construction of the wastewater treatment plant. Repayments of debt principal during the fiscal year totaled \$181,841.

**USING THIS ANNUAL REPORT**

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

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**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

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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.

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**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 \$33,721,493, an increase of \$404,610 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	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 5,024,833	\$ 5,251,569	\$ 14,581,089	\$ 9,736,127	\$ 19,605,922	\$ 14,987,696
Capital assets	4,075,918	4,023,038	28,584,173	21,750,091	32,660,091	25,773,129
Total assets	9,100,751	9,274,607	43,165,262	31,486,218	52,266,013	40,760,825
Deferred outflows of resources	2,628,871	1,690,055	1,444,293	965,275	4,073,164	2,655,330
<b>Liabilities:</b>						
Current liabilities	1,045,072	1,872,895	2,751,012	1,734,692	3,796,084	3,607,587
Noncurrent liabilities	3,960,223	1,703,784	14,004,316	2,032,503	17,964,539	3,736,287
Total Liabilities	5,005,295	3,576,679	16,755,328	3,767,195	21,760,623	7,343,874
Deferred inflows of resources	652,843	1,639,355	204,218	1,116,043	857,061	2,755,398
<b>Net position:</b>						
Net investment in capital assets	3,780,526	3,656,477	16,818,987	20,715,257	20,599,513	24,371,734
Restricted	1,134,965	920,492	46,931	46,942	1,181,896	967,434
Unrestricted	1,155,993	1,171,659	10,784,091	6,806,056	11,940,084	7,977,715
Total net position	<u>\$ 6,071,484</u>	<u>\$ 5,748,628</u>	<u>\$ 27,650,009</u>	<u>\$ 27,568,255</u>	<u>\$ 33,721,493</u>	<u>\$ 33,316,883</u>

Approximately 61% of the City's net position reflected above are 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, 2023 and 2022, 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 \$1,181,896 as of September 30, 2023, an increase of \$214,462 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 during fiscal year 2023.

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**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	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 225,741	\$ 241,683	\$ 13,253,289	\$ 13,883,344	\$ 13,479,030	\$ 14,125,027
Operating grants and contributions	152,830	183,018	432,658	400,500	585,488	583,518
Capital grants and contributions	481,172	705,462	804,306	875,000	1,285,478	1,580,462
General revenues					-	-
Property taxes	1,126,449	1,100,347	-	-	1,126,449	1,100,347
Other taxes	2,584,499	2,428,690	-	-	2,584,499	2,428,690
Other	612,871	514,786	292,168	104,864	905,039	619,650
<b>Total Revenues</b>	<b>5,183,562</b>	<b>5,173,986</b>	<b>14,782,421</b>	<b>15,263,708</b>	<b>19,965,983</b>	<b>20,437,694</b>
<b>Expenses</b>						
General government	1,145,394	860,070	-	-	1,145,394	860,070
Public safety	3,954,458	3,530,903	-	-	3,954,458	3,530,903
Transportation	352,965	294,271	-	-	352,965	294,271
Culture and recreation	244,889	359,306	-	-	244,889	359,306
Public utilities	-	-	13,863,667	12,078,182	13,863,667	12,078,182
<b>Total expenses</b>	<b>5,697,706</b>	<b>5,044,550</b>	<b>13,863,667</b>	<b>12,078,182</b>	<b>19,561,373</b>	<b>17,122,732</b>
Transfers	837,000	602,205	(837,000)	(602,205)	-	-
Change in net position	322,856	731,641	81,754	2,583,321	404,610	3,314,962
Net position, beginning of year	5,748,628	5,016,987	27,568,255	24,984,934	33,316,883	30,001,921
Net position end of year	<u>\$ 6,071,484</u>	<u>\$ 5,748,628</u>	<u>\$ 27,650,009</u>	<u>\$ 27,568,255</u>	<u>\$ 33,721,493</u>	<u>\$ 33,316,883</u>

**Governmental activities**

Governmental activities increased the City's net position by \$322,856. This increase includes a transfer in from the Utility System Revenue Enterprise Fund for \$837,000. Excluding transfers Governmental activities decreased the City's net position by \$514,144. The City's governmental revenues increased by \$9,576 compared to the prior fiscal year.

**Business-type activities**

Business-type activities increased the City's net position by \$81,754. This increase includes a transfer out to the Governmental activities of \$837,000. Excluding transfers, Business-type Activities increased the City's net position by \$918,754. The City's Business-type revenues decreased by \$481,287 compared to the prior fiscal year.

**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.

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**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, 2023, the City's governmental funds reported combined ending fund balances of \$4,163,878, an increase of \$627,794 in comparison with the prior fiscal year. Approximately 71% of this total amount, \$2,961,964, constitutes unassigned fund balances, which are available for spending at the City's discretion. The remainder of the fund balance, \$1,201,914 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, 2023, the unassigned fund balance of the General Fund was \$2,961,964. The General Fund had restricted fund balances of \$87,536 and amounts that were nonspendable of \$52,824. Total fund balance in the General Fund increased by \$2,204,340 over the prior year. General fund expenditures exceeded revenues by \$968,475 this was offset by transfers in from the Utility System Revenue Enterprise Fund for \$837,000 which related to overhead charges stemming from the General Fund's administrative support to the Utility System Revenue Fund, transfers in from the Transportation Trust Fund of \$1,854,643 which represented amounts that the commission previously committed for road paving that were voted by the commission to be uncommitted and transferred back to general fund, and capital grants of \$481,172.

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 decreased by \$1,576,546 during the current fiscal year primarily due to a transfer out of uncommitted funds of \$1,854,643. Excluding the effect of this transfer, fund balance increased by \$278,097. The Transportation Trust's restricted and nonspendable fund balances at September 30, 2023, were \$1,047,429 and \$14,125 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, 2023, amounted to \$10,784,091.

**General Fund and Transportation Trust Fund Budgetary Highlights**

Both the General Fund and the Transportation Trust Fund completed Fiscal Year 2023 under budget for expenditures by \$1,480,200 and \$42,301 respectively.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$32,660,091 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure improvements vehicles, and equipment.

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

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

- The City purchased a variety of equipment, tools, and other similar items totaling \$586,249, and sold, traded, or got rid of \$507,916. All of the purchases were for business-type activities to be used in utility operations.
- The City incurred construction, building and improvement, and infrastructure costs totaling \$7,902,097 on active projects in fiscal year 2023, consisting of \$396,134 relating to governmental activities and \$7,505,963 relating to business-type activities. Capital assets for governmental activities and business-type activities consisted of the following as of September 30, 2023 and 2022:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital assets not being depreciated:						
Land	\$ 178,460	\$ 178,460	\$ 1,589,398	\$ 1,589,398	\$ 1,767,858	\$ 1,767,858
Construction in progress	198,627	-	12,549,033	5,232,902	12,747,660	5,232,902
Capital assets being depreciated:						
Infrastructure	11,185,497	11,185,497	35,113,197	35,043,838	46,298,694	46,229,335
Buildings and improvements	3,237,757	3,040,250	1,361,043	1,434,172	4,598,800	4,474,422
Machinery and equipment	2,105,217	2,389,033	7,029,601	6,661,156	9,134,818	9,050,189
Less: accumulated depreciation	(12,829,640)	(12,770,202)	(29,058,099)	(28,211,375)	(41,887,739)	(40,981,577)
	\$ 4,075,918	\$ 4,023,038	\$ 28,584,173	\$ 21,750,091	\$ 32,660,091	\$ 25,773,129

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

**Long-term debt**

At the end of the current fiscal year, the City had a total long-term liabilities of \$18,337,119, which consisted of \$4,141,241 and \$14,195,878 in governmental activities and business-type activities, respectively. A summary of long-term debt obligations of the City follows:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Compensated absences	\$ 222,852	\$ 175,538	\$ 119,654	\$ 103,807	\$ 342,506	\$ 279,345
Bonds & notes payable	292,293	362,761	11,619,346	1,030,757	11,911,639	1,393,518
Net OPEB liability	753,536	913,970	232,578	286,888	986,114	1,200,858
Net pension liability	2,872,560	405,125	2,224,300	781,129	5,096,860	1,186,254
	\$ 4,141,241	\$ 1,857,394	\$ 14,195,878	\$ 2,202,581	\$ 18,337,119	\$ 4,059,975

## **BASIC FINANCIAL STATEMENTS**

**CITY OF STARKE, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,237,299	\$ 5,836,427	\$ 8,073,726
Investments	2,318,141	4,559,567	6,877,708
Accounts receivable, net	8,625	2,438,103	2,446,728
Internal balances	(72,917)	72,917	-
Due from pension trust funds	26,555	272	26,827
Due from other governments	440,181	776,801	1,216,982
Inventories	-	799,672	799,672
Prepaid items	66,949	50,399	117,348
Restricted assets:			
Cash and cash equivalents	-	46,931	46,931
Total current assets	<u>5,024,833</u>	<u>14,581,089</u>	<u>19,605,922</u>
Noncurrent assets:			
Capital assets:			
Capital assets, not being depreciated	377,087	14,138,431	14,515,518
Capital assets, being depreciated, net	<u>3,698,831</u>	<u>14,445,742</u>	<u>18,144,573</u>
Total noncurrent assets	<u>4,075,918</u>	<u>28,584,173</u>	<u>32,660,091</u>
Total assets	<u>9,100,751</u>	<u>43,165,262</u>	<u>52,266,013</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	2,344,554	1,356,539	3,701,093
Related to OPEB	<u>284,317</u>	<u>87,754</u>	<u>372,071</u>
Total deferred outflows of resources	<u>2,628,871</u>	<u>1,444,293</u>	<u>4,073,164</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	143,200	1,200,410	1,343,610
Customer deposits	-	1,213,200	1,213,200
Unearned revenue	717,755	-	717,755
Accrued interest payable	3,099	145,840	148,939
Notes payable, current portion	73,074	124,708	197,782
Compensated absences, current portion	<u>107,944</u>	<u>66,854</u>	<u>174,798</u>
Total current liabilities	<u>1,045,072</u>	<u>2,751,012</u>	<u>3,796,084</u>
Noncurrent liabilities:			
Notes payable, noncurrent portion	219,219	11,494,638	11,713,857
Compensated absences, noncurrent portion	114,908	52,800	167,708
Net OPEB liability	753,536	232,578	986,114
Net pension liability	<u>2,872,560</u>	<u>2,224,300</u>	<u>5,096,860</u>
Total noncurrent liabilities	<u>3,960,223</u>	<u>14,004,316</u>	<u>17,964,539</u>
Total liabilities	<u>5,005,295</u>	<u>16,755,328</u>	<u>21,760,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	322,668	102,310	424,978
Related to OPEB	<u>330,175</u>	<u>101,908</u>	<u>432,083</u>
Total deferred inflows of resources	<u>652,843</u>	<u>204,218</u>	<u>857,061</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,780,526	16,818,987	20,599,513
Restricted for:			
Public safety	87,536	-	87,536
Transportation	<u>1,047,429</u>	-	<u>1,047,429</u>
Debt service	-	46,931	46,931
Unrestricted	<u>1,155,993</u>	<u>10,784,091</u>	<u>11,940,084</u>
Total net position	<u>\$ 6,071,484</u>	<u>\$ 27,650,009</u>	<u>\$ 33,721,493</u>

See notes to financial statements.

**CITY OF STARKE, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,145,394	\$ 181,597	\$ 37,664	\$ 200,565	\$ (725,568)	\$ -	\$ (725,568)
Public safety	3,954,458	44,144	115,166	280,607	(3,514,541)	-	(3,514,541)
Transportation	352,965	-	-	-	(352,965)	-	(352,965)
Culture and recreation	244,889	-	-	-	(244,889)	-	(244,889)
<b>Total governmental activities</b>	<b>5,697,706</b>	<b>225,741</b>	<b>152,830</b>	<b>481,172</b>	<b>(4,837,963)</b>	<b>-</b>	<b>(4,837,963)</b>
<b>Business-type activities:</b>							
Electric	9,703,596	9,005,914	432,658	-	-	(265,024)	(265,024)
Water	911,589	1,154,664	-	124,688	-	367,763	367,763
Sewer	2,517,922	2,313,066	-	677,724	-	472,868	472,868
Gas	730,560	779,645	-	1,894	-	50,979	50,979
<b>Total business-type activities</b>	<b>13,863,667</b>	<b>13,253,289</b>	<b>432,658</b>	<b>804,306</b>	<b>-</b>	<b>626,586</b>	<b>626,586</b>
<b>Total government</b>	<b>\$ 19,561,373</b>	<b>\$ 13,479,030</b>	<b>\$ 585,488</b>	<b>\$ 1,285,478</b>	<b>(4,837,963)</b>	<b>626,586</b>	<b>(4,211,377)</b>
<b>General Revenues</b>							
					1,126,449	-	1,126,449
					1,795,307	-	1,795,307
					180,324	-	180,324
					608,868	-	608,868
					401,678	-	401,678
					50,175	181,096	231,271
					161,018	111,072	272,090
					837,000	(837,000)	-
					<u>5,160,819</u>	<u>(544,832)</u>	<u>4,615,987</u>
					322,856	81,754	404,610
					5,748,628	27,568,255	33,316,883
					<u>\$ 6,071,484</u>	<u>\$ 27,650,009</u>	<u>\$ 33,721,493</u>

See notes to financial statements.

**CITY OF STARKE, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	General Fund	Transportation Trust Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,032,628	\$ 1,204,671	\$ 2,237,299
Investments	676,934	1,641,207	2,318,141
Receivables, net	5,105	3,520	8,625
Due from other governments	368,227	71,954	440,181
Due from other funds	2,140,287	3,231	2,143,518
Prepaid items	52,824	14,125	66,949
<b>Total assets</b>	<b>\$ 4,276,005</b>	<b>\$ 2,938,708</b>	<b>\$ 7,214,713</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 140,335	\$ 2,865	\$ 143,200
Unearned revenue	717,755	-	717,755
Due to other funds	315,591	1,874,289	2,189,880
<b>Total liabilities</b>	<b>1,173,681</b>	<b>1,877,154</b>	<b>3,050,835</b>
<b>Fund balances</b>			
Nonspendable:			
Prepaid items	52,824	14,125	66,949
Restricted for:			
Public safety	87,536	-	87,536
Road improvements	-	1,047,429	1,047,429
Unassigned	2,961,964	-	2,961,964
<b>Total fund balances</b>	<b>3,102,324</b>	<b>1,061,554</b>	<b>4,163,878</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,276,005</b>	<b>\$ 2,938,708</b>	<b>\$ 7,214,713</b>

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, 2023**

**Fund balance of governmental funds** **\$ 4,163,878**

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	16,905,558	
Less: accumulated depreciation	<u>(12,829,640)</u>	4,075,918

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	(2,872,560)	
Deferred outflows related to pensions	2,344,554	
Deferred inflows related to pensions	<u>(322,668)</u>	(850,674)

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	(753,536)	
Deferred outflows related to OPEB	284,317	
Deferred inflows related to OPEB	<u>(330,175)</u>	(799,394)

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	(292,293)	
Accrued interest payable	(3,099)	
Compensated absences	<u>(222,852)</u>	(518,244)

**Net position of governmental activities** **\$ 6,071,484**

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, 2023**

	General Fund	Transportation Trust Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 3,351,886	\$ 359,063	\$ 3,710,949
Permits and fees	180,447	-	180,447
Intergovernmental	394,506	108,562	503,068
Fines and forfeitures	30,000	-	30,000
Contributions	51,439	-	51,439
Charges for services	15,294	-	15,294
Investment income	18,487	31,688	50,175
Miscellaneous	162,251	-	162,251
Total revenues	<u>4,204,310</u>	<u>499,313</u>	<u>4,703,623</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,082,728	-	1,082,728
Public safety	3,395,722	-	3,395,722
Transportation	-	221,216	221,216
Culture and recreation	215,317	-	215,317
Capital outlay	396,134	-	396,134
Debt service			
Principal	70,630	-	70,630
Interest	12,254	-	12,254
Total expenditures	<u>5,172,785</u>	<u>221,216</u>	<u>5,394,001</u>
Excess (deficiency) of revenues over (under) expenditures	(968,475)	278,097	(690,378)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital grants	481,172	-	481,172
Transfers in (out)	2,691,643	(1,854,643)	837,000
Total other financing sources (uses)	<u>3,172,815</u>	<u>(1,854,643)</u>	<u>1,318,172</u>
Net change in fund balances	2,204,340	(1,576,546)	627,794
Fund balances - beginning (restated)	897,984	2,638,100	3,536,084
Fund balances - ending	<u>\$ 3,102,324</u>	<u>\$ 1,061,554</u>	<u>\$ 4,163,878</u>

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, 2023**

**Net change in fund balances of governmental funds** **\$ 627,794**

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	396,134
Depreciation expense	(342,021)
Gain (loss) on disposition of assets	(1,233)

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	70,468
Decrease (increase) in accrued interest on long-term debt	701

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	(327,624)
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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	(47,314)
Change in net OPEB liability and deferred inflows/outflows related to OPEB	(54,049)

**Change in net position of governmental activities** **\$ 322,856**

See notes to financial statements.

**CITY OF STARKE, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - UTILITY SYSTEM REVENUE ENTERPRISE FUND  
SEPTEMBER 30, 2023**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 5,836,427
Investments	4,559,567
Accounts receivable, net	2,438,103
Due from other governments	776,801
Inventories	799,672
Prepaid items	50,399
Due from other funds	299,703
Restricted assets:	
Cash and cash equivalents	46,931
Total current assets	<u>14,807,603</u>
Noncurrent assets:	
Capital assets, not being depreciated	14,138,431
Capital assets, being depreciated, net	14,445,742
Total noncurrent assets	<u>28,584,173</u>
Total assets	<u>43,391,776</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Related to pensions	1,356,539
Related to OPEB	87,754
Total deferred outflows of resources	<u>1,444,293</u>

**LIABILITIES**

Current liabilities:	
Accounts payable and accrued liabilities	1,200,410
Customer deposits	1,213,200
Due to other funds	226,514
Notes payable, current portion	66,522
Accrued interest payable	147
Compensated absences, current portion	66,854
Payable from restricted assets:	
Notes payable, current portion	58,186
Accrued interest payable	145,693
Total current liabilities	<u>2,977,526</u>
Noncurrent liabilities:	
Notes payable, noncurrent portion	11,494,638
Compensated absences, noncurrent portion	52,800
Net OPEB liability	232,578
Net pension liability	2,224,300
Total noncurrent liabilities	<u>14,004,316</u>
Total liabilities	<u>16,981,842</u>

**DEFERRED INFLOWS OF RESOURCES**

Related to pensions	102,310
Related to OPEB	101,908
Total deferred inflows of resources	<u>204,218</u>

**NET POSITION**

Net investment in capital assets	16,818,987
Restricted for debt service	46,931
Unrestricted	10,784,091
Total Net Position	<u>\$27,650,009</u>

See notes to financial statements.

**CITY OF STARKE, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS - UTILITY SYSTEM REVENUE ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Operating revenues	
Charges for services	\$ 13,253,289
Miscellaneous revenues	111,072
Total operating revenues	<u>13,364,361</u>
Operating expenses	
Personal services	3,166,602
Contractual services	531,669
Utilities	6,792,558
Maintenance and repairs	393,994
Other supplies	1,218,715
Insurance	132,770
Depreciation	1,255,111
Total operating expenses	<u>13,491,419</u>
Operating income (loss)	(127,058)
Nonoperating revenues (expenses)	
Interest earnings	181,096
Intergovernmental grants	432,658
Interest expense	(372,248)
Total nonoperating revenues (expenses)	<u>241,506</u>
Income (loss) before capital grants and transfers	114,448
Capital grants	804,306
Transfers out	<u>(837,000)</u>
Change in net position	81,754
Net position, beginning of year	27,568,255
Net position, end of year	<u>\$ 27,650,009</u>

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, 2023**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 12,823,048
Cash paid to employees	(3,141,318)
Cash paid to suppliers	(8,855,379)
Net cash provided by (used in) operating activities	<u>826,351</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers to other funds	(837,000)
Intergovernmental grant proceeds	432,658
Net cash provided by (used in) noncapital financing activities	<u>(404,342)</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(7,671,706)
Capital grants	804,307
Principal payments of long-term debt	(111,371)
Proceeds from issuance of long-term debt	10,699,962
Interest paid	(230,487)
Net cash provided by (used in) capital and related financing activities	<u>3,490,705</u>
<b>Cash flows from investing activities</b>	
Purchases of investments	(4,377,471)
Net cash provided by (used in) investing activities	<u>(4,377,471)</u>
<b>Net change in cash and cash equivalents</b>	(464,757)
<b>Cash and cash equivalents, beginning of year</b>	<u>6,348,115</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 5,883,358</u>
<b>Cash and cash equivalents classified as:</b>	
Unrestricted	\$ 5,836,427
Restricted	46,931
Total cash and cash equivalents	<u>\$ 5,883,358</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (127,059)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	1,255,111
Assets transferred from other funds	(417,487)
Changes in assets and liabilities:	
Accounts receivable	191,194
Due from other governments	(776,801)
Inventories	(74,926)
Prepaid items	(45,320)
Accounts payable and accrued liabilities	808,777
Customer deposits	44,294
Due to/from other funds	(45,297)
Compensated absences	15,847
Net pension liability and related deferred outflows and inflows	11,133
Total OPEB liability and related deferred outflows and inflows	<u>(13,115)</u>
Net cash provided by (used in) operating activities	<u>\$ 826,351</u>

**CITY OF STARKE, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2023**

	Pension Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 706,600
<b>Receivables</b>	
State insurance premium taxes	105,457
Interest and dividends	31,607
Total receivables	137,064
<b>Investments, at fair value</b>	
Money market funds	829,093
U.S. Treasuries	212,561
Fixed income mutual funds	1,694,720
Corporate bonds	3,217,983
Equity securities	14,025,248
Total investments, at fair value	19,979,605
Total assets	20,823,269
<b>Liabilities</b>	
Accounts payable	53,030
Due to other funds	26,827
Total liabilities	79,857
<b>Net position</b>	
Restricted for pensions	\$ 20,743,412

See notes to financial statements.

**CITY OF STARKE, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Pension Trust Funds
<b>Additions</b>	
Contributions:	
Employer	\$ 838,018
Plan members	69,247
State insurance premium taxes	193,842
Total contributions	1,101,107
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	2,359,816
Interest and dividends	353,946
Total investment earnings	2,713,762
Less: investment expense	(141,983)
Net investment income (loss)	2,571,779
Total additions	3,672,886
<b>Deductions</b>	
Benefit payments and refunds	1,712,878
Administrative expenses	190,686
Total deductions	1,903,564
Change in net position	1,769,322
<b>Net position restricted for pensions, beginning of year</b>	18,974,090
<b>Net position restricted for pensions, end of year</b>	<b>\$ 20,743,412</b>

See notes to financial statements.

CITY OF STARKE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

**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, 2023

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.

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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.

The City reports the following 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 immediately 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.

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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 organization’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.”

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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. 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, 2023, the property taxes receivable were not material.

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

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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 City Commission. The level at which expenditures may not legally exceed 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 City Commission. For the year ended September 30, 2023, appropriations exceeded expenditures in general fund by \$1,480,200.

**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.

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**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's 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, 2023, 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.

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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, 2023, was 36 days and the weighted average life (WAL) was 82 days. The WAM of FLCLASS Enhanced Cash at September 30, 2023 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,

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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.

6. Mutual funds that comply with items 1 – 5 above to include a 5-10% position (at cost) in a highly liquid index of Real Estate Investment Trusts (REIT).

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

1. Equities must be traded on a national exchange or electronic network. 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.
2. Fixed income investments that have a minimum rating in the top three highest classifications as reported by a major credit rating service. The value of bonds issued by any single corporation shall not exceed 10% of the total fund.
3. Money market funds or STIF options provided by the Plan's custodian that have a minimum rating of S&P A1 or Moody's P1.
4. Pooled funds may be governed by separate prospectus which may include investments not expressly permitted above.

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	\$ 475,531	N/A	Level 1
U.S. Treasuries	141,707	4.30	Level 1
Corporate bonds	2,230,353	4.99	Level 2
Equity securities	7,627,821	N/A	Level 1
Total General Employees' Plan	\$ 10,475,412		

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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	\$ 140,064	N/A	Level 1
Fixed income mutual funds	1,694,720	4.93	Level 1
Equity securities	2,882,078	N/A	Level 1
<b>Total Police Officers' Plan</b>	<b>\$ 4,716,862</b>		

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	\$ 213,498	N/A	Level 1
U.S. Treasuries	70,854	4.30	Level 1
Corporate bonds	987,630	4.90	Level 2
Equity securities	3,515,349	N/A	Level 1
<b>Total Firefighters' Plan</b>	<b>\$ 4,787,331</b>		

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	\$ 141,707	\$ 1,074,916	\$ 70,852
Aa2	-	49,521	-
A1	271,930	-	159,552
A2	389,393	219,559	140,746
A3	814,610	-	339,721
Baa1	184,588	-	112,350
Baa2	393,546	329,375	187,542
Baa3	176,286	-	47,721
Ba2	-	14,939	-
B2	-	611	-
B3	-	1,358	-
Unrated	-	4,441	-
	<b>\$ 2,372,060</b>	<b>\$ 1,694,720</b>	<b>\$ 1,058,484</b>

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***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, 2023, 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. All are rated within the investment policy guidelines at September 30, 2023.

***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, 2023, 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, 2023, the investment portfolios met the foreign securities limitations.

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**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, 2023, individual fund interfund receivables and payables for the primary government were comprised of the following:

	<u>Due from other funds</u>	<u>Due to other funds</u>
<b>Governmental Activities:</b>		
General Fund	\$ 2,140,287	\$ 315,591
Transportation Trust Fund	3,231	1,874,289
<b>Business-Type Activities:</b>		
Utilities System Revenue Fund	299,703	226,514
<b>Fiduciary Funds:</b>		
General Pension	-	21,327
Police Pension	-	-
Fire Pension	-	5,500
<b>Total</b>	<u><u>\$ 2,443,221</u></u>	<u><u>\$ 2,443,221</u></u>

For the year ended September 30, 2023, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<u>Transfers in</u>	<u>Transfers out</u>
<b>Governmental Activities:</b>		
General Fund	\$ 2,691,643	\$ -
Transportation Trust Fund	-	1,854,643
<b>Business-Type Activities:</b>		
Utilities System Revenue Fund	-	837,000
<b>Total</b>	<u><u>\$ 2,691,643</u></u>	<u><u>\$ 2,691,643</u></u>

The interfund transfers from the Utilities System Revenue fund were made according to the budget to support the general fund. In addition, there was a onetime transfer of funds from the transportation trust fund to the general fund which represented amounts previously committed that were released from their commitment by the City Commission.

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**Note 5 : Receivables**

The City's receivables consisted of the following at September 30, 2023:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
<b>Governmental Activities:</b>			
<b>General Fund</b>			
Accounts receivable	\$ 5,105	\$ -	\$ 5,105
Intergovernmental	368,227	-	368,227
<b>Transportation Trust Fund</b>			
Accounts receivable	3,520	-	3,520
Intergovernmental	71,954	-	71,954
<b>Total – Governmental Activities</b>	<b>448,806</b>	<b>-</b>	<b>448,806</b>
<b>Business-Type Activities:</b>			
<b>Utility Systems Revenue Fund</b>			
Accounts receivable	2,455,196	(17,093)	2,438,103
Intergovernmental	776,801	-	776,801
<b>Total – Business-Type Activities</b>	<b>3,231,997</b>	<b>(17,093)</b>	<b>3,214,904</b>
<b>Total</b>	<b>\$ 3,680,803</b>	<b>\$ (17,093)</b>	<b>\$ 3,663,710</b>

**Note 6 : Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Governmental activities:</b>					
<b>Capital assets, not being depreciated</b>					
Land	\$ 178,460	\$ -	\$ -	\$ -	\$ 178,460
Construction in progress	-	198,627	-	-	198,627
<b>Total capital assets, not being depreciated</b>	<b>178,460</b>	<b>198,627</b>	<b>-</b>	<b>-</b>	<b>377,087</b>
<b>Capital assets, being depreciated</b>					
Infrastructure	11,185,497	-	-	-	11,185,497
Buildings and improvements	3,040,250	197,507	-	-	3,237,757
Machinery and equipment	2,389,033	-	(283,816)	-	2,105,217
<b>Total capital assets, being depreciated</b>	<b>16,614,780</b>	<b>197,507</b>	<b>(283,816)</b>	<b>-</b>	<b>16,528,471</b>
<b>Accumulated depreciation</b>	<b>(12,770,202)</b>	<b>(342,021)</b>	<b>282,583</b>	<b>-</b>	<b>(12,829,640)</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,844,578</b>	<b>(144,514)</b>	<b>(1,233)</b>	<b>-</b>	<b>3,698,831</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 4,023,038</b>	<b>\$ 54,113</b>	<b>\$ (1,233)</b>	<b>\$ -</b>	<b>\$ 4,075,918</b>

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	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated					
Land	\$ 1,589,398	\$ -	\$ -	\$ -	\$ 1,589,398
Construction in progress	5,232,902	7,505,963	-	(189,832)	12,549,033
Total capital assets, not being depreciated	6,822,300	7,505,963	-	(189,832)	14,138,431
Capital assets, being depreciated					
Infrastructure	35,043,838	-	(114,177)	183,536	35,113,197
Buildings and improvements	1,434,172	-	(73,129)	-	1,361,043
Machinery and equipment	6,661,156	586,249	(224,100)	6,296	7,029,601
Total capital assets, being depreciated	43,139,166	586,249	(411,406)	189,832	43,503,841
Accumulated depreciation	(28,211,375)	(1,255,111)	408,387	-	(29,058,099)
Total capital assets, being depreciated, net	14,927,791	(668,862)	(3,019)	189,832	14,445,742
Business-type activities capital assets, net	<u>\$ 21,750,091</u>	<u>\$ 6,837,101</u>	<u>\$ (3,019)</u>	<u>\$ -</u>	<u>\$ 28,584,173</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 11,958
Public safety	147,020
Transportation	125,112
Culture and recreation	57,931
Total depreciation expense - governmental activities	<u>\$ 342,021</u>
<b>Business-type activities:</b>	
Utilities System Revenue Fund	\$ 1,255,111
Total depreciation expense - business-type activities	<u>\$ 1,255,111</u>

**Note 7: Noncurrent Liabilities:**

Noncurrent liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
<b>Governmental activities:</b>					
Bonds & notes payable	\$ 362,761	\$ -	\$ (70,468)	\$ 292,293	\$ 73,074
Compensated absences	175,538	47,314	-	222,852	107,944
Net OPEB liability	913,970	-	(160,434)	753,536	-
Net pension liability	405,125	2,467,435	-	2,872,560	-
Total governmental activities	<u>\$ 1,857,394</u>	<u>\$ 2,514,749</u>	<u>\$ (230,902)</u>	4,141,241	<u>\$ 181,018</u>
			Less current portion	(181,018)	
			Total noncurrent liabilities	<u>\$ 3,960,223</u>	
<b>Business-type activities:</b>					
Bonds & notes payable	\$ 1,030,757	\$ 10,699,962	\$ (111,373)	11,619,346	\$ 124,708
Compensated absences	103,807	15,847	-	119,654	66,854
Net OPEB liability	286,888	-	(54,310)	232,578	-
Net pension liability	781,129	1,443,171	-	2,224,300	-
Total business-type activities	<u>\$ 2,202,581</u>	<u>\$ 12,158,980</u>	<u>\$ (165,683)</u>	14,195,878	<u>\$ 191,562</u>
			Less current portion	(191,562)	
			Total noncurrent liabilities	<u>\$ 14,004,316</u>	

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Notes payable in the City's governmental activities at September 30, 2023, were comprised of the following obligations:

\$152,436 - 2020 Police Vehicle Note, to acquire one 2019 Dodge Charger and one 2020 Dodge Charger for the police department, and to pay off 2019 Police Vehicle Note in the amount of \$101,017. Note is payable in quarterly installments of \$6,163 including interest at 3.575% per annum, final payment is due November 2026; secured by two vehicles with an original cost of \$50,253.	61,843
\$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.	230,450
Total notes payable - governmental activities	<u>\$ 292,293</u>

Notes payable in the City's business-type activities at September 30, 2023, 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.	\$ 263,185
\$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 2030.	368,670
\$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.	287,530
\$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.	23,961
\$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.	10,676,000
Total notes payable - business-type activities	<u>\$ 11,619,346</u>

**CITY OF STARKE, FLORIDA  
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The annual requirements to amortize notes payable as of September 30, 2023, are as follows:

**Governmental Activities:**

Year Ending September 30,	Principal	Interest	Total
2024	\$ 73,075	\$ 9,809	\$ 82,884
2025	75,635	7,249	82,884
2026	69,393	4,628	74,021
2027	74,190	2,519	76,709
Total	<u>\$ 292,293</u>	<u>\$ 24,205</u>	<u>\$ 316,498</u>

**Business-type Activities:**

Year Ending September 30,	Principal	Interest	Total
2024	\$ 124,708	\$ 443,519	\$ 568,227
2025	10,807,400	226,664	11,034,064
2026	133,937	9,762	143,699
2027	125,900	7,181	133,081
2028	67,432	5,368	72,800
2029-2033	218,988	9,529	228,517
2034-2038	90,632	2,403	93,035
2039-2043	49,152	347	49,499
2044	1,197	-	1,197
Total	<u>\$ 11,619,346</u>	<u>\$ 704,773</u>	<u>\$ 12,324,119</u>

**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.

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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 Firefighter's' 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, 2022, 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	53	13	6
Inactive plan members entitled to but not receiving benefits	2	17	0
Active plan members	44	10	43
<b>Total</b>	<b>99</b>	<b>40</b>	<b>49</b>

**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.

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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, 2023, was \$3,646,581. The annual pension cost for the City was \$838,018 which includes \$114,336 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, 2023, there were no contributions from the State of Florida to the City's pension plans.

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For the year ended September 30, 2023, contributions to the City's pension plans were as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total
Employee contributions	\$ 22,766	\$ 7,241	\$ 39,240	\$ 69,247
City contributions	547,020	95,810	195,188	838,018
State contributions	-	94,554	99,288	193,842
<b>Total contributions</b>	<b>\$ 569,786</b>	<b>\$ 197,605</b>	<b>\$ 333,716</b>	<b>\$ 1,101,107</b>

### 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, 2023:

Asset Class	Target Asset Allocation		
	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, 2023, were as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total
Total pension liability	\$ 12,829,906	\$ 5,336,014	\$ 5,784,706	\$ 23,950,626
Plan fiduciary net position	(10,029,422)	(4,498,559)	(4,325,785)	(18,853,766)
<b>Net pension liability</b>	<b>\$ 2,800,484</b>	<b>\$ 837,455</b>	<b>\$ 1,458,921</b>	<b>\$ 5,096,860</b>
 Plan fiduciary net position as a percentage of total pension liability	 78.17%	 84.31%	 74.78%	 78.72%

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The total pension liability was determined by an actuarial valuation as of October 1, 2022, and measurement date of September 30, 2022, 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, 2023, 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%	12.09%	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.

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*Changes in net pension liability:*

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

	General Employees' Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 12,933,452	\$ 11,946,116	\$ 987,336
Changes for year:			-
Service cost	126,448	-	126,448
Interest	871,187	-	871,187
Differences between expected/actual experience	(130,480)	-	(130,480)
Assumption Changes	-	-	-
Contributions – employer	-	531,720	(531,720)
Contributions – employee	-	20,941	(20,941)
Contributions – employee picked up by employer	-	104,670	(104,670)
Net investment income	-	(1,565,442)	1,565,442
Benefit payments, including refunds	(970,701)	(970,701)	-
Administrative expenses	-	(37,882)	37,882
Net changes	(103,546)	(1,916,694)	1,813,148
Ending Balance	\$ 12,829,906	\$ 10,029,422	\$ 2,800,484

	Police Officers' Plan		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 5,180,561	\$ 5,402,166	\$ (221,605)
Changes for year:			-
Service cost	121,358	-	121,358
Interest	352,817	-	352,817
Differences between expected/actual experience	(61,183)	-	(61,183)
Assumption Changes	-	-	-
Contributions – employer	-	114,182	(114,182)
Contributions – employee	-	7,707	(7,707)
Contributions – employee picked up by employer	-	38,534	(38,534)
Net investment income	-	(743,171)	743,171
Benefit payments, including refunds	(257,539)	(257,539)	-
Administrative expenses	-	(68,708)	68,708
Other	-	5,388	(5,388)
Net changes	155,453	(903,607)	1,059,060
Ending Balance	\$ 5,336,014	\$ 4,498,559	\$ 837,455

**CITY OF STARKE, FLORIDA  
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	Firefighters' Plan		
	Total Pension	Fiduciary Net	Net Pension
	Liability (a)	Position (b)	Liability (a-b)
Beginning Balance	\$ 5,455,790	\$ 5,035,267	\$ 420,523
Changes for year:			-
Service cost	136,921	-	136,921
Interest	365,428	-	365,428
Differences between expected/actual experience	42,247	-	42,247
Assumption Changes	-	-	-
Contributions – employer	-	189,025	(189,025)
Contributions – employee	-	35,517	(35,517)
Contributions – employee picked up by employer	-	34,113	(34,113)
Net investment income	-	(695,271)	695,271
Benefit payments, including refunds	(215,680)	(215,680)	-
Administrative expenses	-	(54,117)	54,117
Other	-	(3,069)	3,069
Net changes	328,916	(709,482)	1,038,398
Ending Balance	\$ 5,784,706	\$ 4,325,785	\$ 1,458,921

***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%	\$ 4,039,269	\$ 2,800,484	\$ 1,746,851
Police Officers'	7.00%	1,498,629	837,455	292,158
Firefighters'	7.25%	2,191,771	1,458,921	844,351
		<u>\$ 7,729,669</u>	<u>\$ 5,096,860</u>	<u>\$ 2,883,360</u>

For the year ended September 30, 2023, 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	15.02%	11.88%	14.21%

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

**CITY OF STARKE, FLORIDA  
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**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended September 30, 2023, the City recognized pension expense of \$451,625, \$234,221, and \$322,999 in the General Employees, Police, and Fire pension plans, respectively, for a total of \$1,008,845

At September 30, 2023, 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	\$ 44,362	\$ 73,750	\$ 21,724	\$ 66,458	\$ 407,005	\$ 91,770
Changes of assumptions	32,541	55,062	40,822	67,582	98,817	70,356
Contributions made subsequent to measurement date	547,020	-	95,810	-	195,188	-
Net difference between projected and actual investment earnings	1,084,017	-	601,980	-	531,807	-
<b>Total</b>	<b>\$ 1,707,940</b>	<b>\$ 128,812</b>	<b>\$ 760,336</b>	<b>\$ 134,040</b>	<b>\$ 1,232,817</b>	<b>\$ 162,126</b>

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
2024	172,413	146,578	137,645
2025	105,095	94,245	105,994
2026	276,724	90,597	174,080
2027	477,876	204,612	247,479
2028	-	(5,546)	42,363
Thereafter	-	-	167,942
<b>Total</b>	<b>\$ 1,032,108</b>	<b>\$ 530,486</b>	<b>\$ 875,503</b>

**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.

CITY OF STARKE, FLORIDA  
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**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, 2021, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	73
Inactive Employees	<u>12</u>
	<u><u>85</u></u>

**Total OPEB Liability** - The City's OPEB liability of \$986,114 was measured as of October 1, 2022, and was determined by an actuarial valuation as of the date noted in the above Plan Membership section.

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**Actuarial Assumptions and Other Inputs** - The total OPEB liability recorded at September 30, 2023, 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	4.40%
Projected salary increases	3.5% - 7.0%
Healthcare cost trend rate	Based upon the Getzen Model starting at 6.50% 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 Police Officers and 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, 2022 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, 2023, changes in the total OPEB liability were as follows:

Balance at September 30, 2022	\$ 1,200,858
Changes:	
Service cost	71,840
Interest	27,467
Benefit changes	-
Differences between expected and actual experience	-
Changes of assumptions and other inputs	(276,834)
Benefit payments – implicit rate subsidy	(37,217)
Net changes	<u>(214,744)</u>
Balance at September 30, 2023	<u>\$ 986,114</u>

**CITY OF STARKE, FLORIDA  
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*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	\$ 1,098,302	\$ 986,114	\$ 891,000

*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	\$ 866,851	\$ 986,114	\$ 1,132,645

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

For the year ended September 30, 2023; the City recognized OPEB expense of \$40,934. At September 30, 2023, 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	\$ 233,646	\$ 166,656
Changes of assumptions and other inputs	92,968	265,427
Contributions subsequent to measurement date	45,457	-
<b>Total</b>	<b>\$ 372,071</b>	<b>\$ 432,083</b>

\$45,457 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, 2023.

**CITY OF STARKE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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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,	
2024	(16,761)
2025	(15,405)
2026	(55,118)
2027	(23,113)
2028	(9,266)
Thereafter	14,194
Total	<u>\$ (105,469)</u>

**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 2022-2023 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% (73.5Mega 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*

**CITY OF STARKE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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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 \$6,321,818.

*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, 2023, Florida Gas Utility consisted of twenty-two members. During the current fiscal year, the City purchased approximately \$265,361 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, 2023. 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 City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements during the fiscal year. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The impact of implementation of GASB Statement No. 96 was immaterial to the current year financial statements.

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, 2022, 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:

**CITY OF STARKE, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**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 periods beginning after December 15, 2023.**

**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, 2023**

	Budgeted Amounts	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 3,182,115	\$ 3,351,886	\$ 169,771
Permits and fees	137,524	180,447	42,923
Intergovernmental	424,814	394,506	(30,308)
Fines and forfeitures	54,172	30,000	(24,172)
Contributions	34,287	51,439	17,152
Charges for services	13,981	15,294	1,313
Investment income	13,382	18,487	5,105
Miscellaneous	332,511	162,251	(170,260)
<b>Total revenues</b>	<b>4,192,786</b>	<b>4,204,310</b>	<b>11,524</b>
<b>EXPENDITURES</b>			
Current:			
General government	1,033,390	1,082,728	(49,338)
Public safety	3,642,763	3,395,722	247,041
Culture and recreation	307,594	215,317	92,277
Capital Outlay	1,581,382	396,134	1,185,248
Debt Service			
Principal	71,829	70,630	1,199
Interest	16,027	12,254	3,773
<b>Total expenditures</b>	<b>6,652,985</b>	<b>5,172,785</b>	<b>1,480,200</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,460,199)</u>	<u>(968,475)</u>	<u>1,491,724</u>
<b>OTHER FINANCING SOURCES</b>			
Capital grants	1,360,162	481,172	(878,990)
Transfers In	837,000	2,691,643	1,854,643
<b>Total other financing sources</b>	<b>2,197,162</b>	<b>3,172,815</b>	<b>975,653</b>
<b>Net change in fund balances</b>	<b>(263,037)</b>	<b>2,204,340</b>	<b>2,467,377</b>
Fund balances - beginning	897,984	897,984	-
<b>Fund balances - ending</b>	<b>\$ 634,947</b>	<b>\$ 3,102,324</b>	<b>\$ 2,467,377</b>

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, 2023**

	Budgeted Amounts	Actual	Variance with budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 346,037	\$ 359,063	\$ 13,026
Intergovernmental	99,471	108,562	9,091
Investment income	3,745	31,688	27,943
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>449,253</b>	<b>499,313</b>	<b>50,060</b>
<b>EXPENDITURES</b>			
Current:			
Transportation	234,263	221,216	13,047
Capital outlay	29,254	-	29,254
<b>Total expenditures</b>	<b>263,517</b>	<b>221,216</b>	<b>42,301</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>185,736</b>	<b>278,097</b>	<b>92,361</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital grants	-	-	-
Transfers out	-	(1,854,643)	(1,854,643)
<b>Total other financing sources</b>	<b>-</b>	<b>(1,854,643)</b>	<b>(1,854,643)</b>
<b>Net change in fund balances</b>	<b>185,736</b>	<b>(1,576,546)</b>	<b>(1,762,282)</b>
Fund balances, beginning of year	2,638,100	2,638,100	-
<b>Fund balances, ending of year</b>	<b>\$ 2,823,836</b>	<b>\$ 1,061,554</b>	<b>\$ (1,762,282)</b>

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, 2023**

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, 2023, appropriations exceeded expenditures in the General Fund by \$1,480,200 and Transportation Trust fund by \$42,301.
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**

Reporting Date - September 30,	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>						
Service cost	\$ 71,840	\$ 76,105	\$ 70,494	\$ 58,491	\$ 61,350	\$ 36,732
Interest	27,467	24,506	25,071	43,762	39,587	18,050
Benefit changes	-	-	-	13,937	-	-
Difference between expected and actual experience	-	213,605	-	(404,736)	-	294,119
Changes of assumptions	(276,834)	(33,826)	13,671	81,043	(46,216)	197,957
Benefit payments	(37,217)	(23,627)	(19,074)	(44,967)	(35,728)	(9,893)
<b>Net change in total OPEB liability</b>	<b>(214,744)</b>	<b>256,763</b>	<b>90,162</b>	<b>(252,470)</b>	<b>18,993</b>	<b>536,965</b>
Total OPEB liability - beginning of year	1,200,858	944,095	853,933	1,106,403	1,087,410	550,445
<b>Total OPEB liability - end of year</b>	<b>\$ 986,114</b>	<b>\$ 1,200,858</b>	<b>\$ 944,095</b>	<b>\$ 853,933</b>	<b>\$ 1,106,403</b>	<b>\$ 1,087,410</b>
Covered employee payroll (projected)	\$ 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	29.16%	37.69%	32.95%	30.62%	41.59%	42.51%
<b>Notes to the Schedule:</b>						
Measurement Date - October 1,	2021	2021	2020	2019	2018	2017
Valuation Date - October 1,	2021	2021	2019	2019	2017	2017

Notes to Schedule:

1. Update procedures were used to roll forward the Total OPEB Liability from prior valuation date of October 1, 2021 to October 1, 2022 measurement date.
2. Changes to benefit terms: None
3. Changes of assumptions: The discount rate was increased from 2.19% for the October 1, 2021 valuation to 4.40% for the October 1, 2022 valuation.
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 payroll 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, 2023**

Reporting Date - September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service Cost	\$ 126,448	\$ 119,388	\$ 107,291	\$ 77,857	\$ 75,346	\$ 77,269	\$ 80,638	\$ 80,417	\$ 81,824
Interest	871,187	886,528	900,994	903,186	943,073	965,027	968,718	922,364	919,179
Benefit changes	-	-	-	-	-	-	134,185	-	-
Difference between actual and expected experience	(130,480)	62,607	144,833	(195,751)	92,402	(11,730)	77,226	(120,675)	(103,148)
Assumption changes	-	683,365	(192,720)	-	-	(3,216)	694,526	-	-
Benefit payments including refunds of contributions	(970,701)	(1,233,370)	(986,901)	(1,000,790)	(1,669,630)	(1,187,543)	(979,794)	(813,053)	(873,327)
Net change in total pension liability	(103,546)	518,518	(26,503)	(215,498)	(558,809)	(160,193)	975,499	69,053	24,528
Total pension liability - beginning	12,933,452	12,414,934	12,441,437	12,656,935	13,215,744	13,375,937	12,400,438	12,331,385	12,306,857
Total pension liability - ending (a)	<u>\$ 12,829,906</u>	<u>\$ 12,933,452</u>	<u>\$ 12,414,934</u>	<u>\$ 12,441,437</u>	<u>\$ 12,656,935</u>	<u>\$ 13,215,744</u>	<u>\$ 13,375,937</u>	<u>\$ 12,400,438</u>	<u>\$ 12,331,385</u>
<b>Total Fiduciary Net Position</b>									
Contributions - employer	531,720	416,242	668,747	676,062	601,642	533,934	434,152	511,983	725,572
Contributions - employee	20,941	18,156	15,776	14,173	17,475	10,906	9,969	9,377	8,767
Contributions - employee picked up by employer	104,670	78,045	78,876	70,864	58,698	54,532	49,844	46,885	43,710
Net investment income	(1,565,442)	1,746,078	1,481,683	313,459	1,109,427	1,303,328	1,007,125	(485,656)	1,040,361
Benefit payments, including refunds of contributions	(970,701)	(1,233,370)	(986,901)	(1,000,790)	(1,669,630)	(1,187,543)	(979,794)	(813,053)	(873,327)
Administrative expense	(37,882)	(31,203)	(36,489)	(35,352)	(60,758)	(28,272)	(52,968)	(46,487)	(32,236)
Net change in plan fiduciary net position	(1,916,694)	993,948	1,221,692	38,416	56,854	686,885	468,328	(776,951)	912,847
Plan fiduciary net position - beginning	11,946,116	10,952,168	9,730,476	9,692,060	9,635,206	8,948,321	8,479,993	9,256,944	8,344,097
Plan fiduciary net position - ending (b)	<u>\$ 10,029,422</u>	<u>\$ 11,946,116</u>	<u>\$ 10,952,168</u>	<u>\$ 9,730,476</u>	<u>\$ 9,692,060</u>	<u>\$ 9,635,206</u>	<u>\$ 8,948,321</u>	<u>\$ 8,479,993</u>	<u>\$ 9,256,944</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,800,484</u>	<u>\$ 987,336</u>	<u>\$ 1,462,766</u>	<u>\$ 2,710,961</u>	<u>\$ 2,964,875</u>	<u>\$ 3,580,538</u>	<u>\$ 4,427,616</u>	<u>\$ 3,920,445</u>	<u>\$ 3,074,441</u>
Plan fiduciary net position as a percentage of the total pension liability	78.17%	92.37%	88.22%	78.21%	76.58%	72.91%	66.90%	68.38%	75.07%
Covered payroll	\$ 2,170,227	\$ 1,602,219	\$ 1,577,549	\$ 1,417,282	\$ 1,173,969	\$ 1,090,634	\$ 996,866	\$ 936,706	\$ 874,183
Net pension liability as a percentage of covered payroll	129.04%	61.62%	92.72%	191.28%	252.55%	328.30%	444.15%	418.54%	351.69%
Notes to Schedule:									
1. Measurement Date - September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
2. Valuation Date - October 1,	2021	2020	2019	2018	2017	2016	2015	2014	2013
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, 2023**

Reporting Date - September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service Cost	\$ 121,358	\$ 93,494	\$ 123,694	\$ 129,963	\$ 134,363	\$ 114,569	\$ 118,012	\$ 137,664	\$ 142,107
Interest	352,817	340,890	344,138	334,716	325,988	319,489	301,631	295,404	273,487
Benefit changes	-	-	-	-	-	-	-	-	-
Difference between actual and expected experience	(61,183)	(50,293)	(21,441)	60,234	6,707	36,635	(131,179)	(20,659)	74,610
Assumption changes	-	157,458	(113,542)	-	-	(11,196)	329,557	-	-
Benefit payments including refunds of contributions	(257,539)	(265,825)	(281,497)	(288,921)	(499,920)	(186,296)	(195,249)	(148,844)	(170,730)
Net change in total pension liability	155,453	275,724	51,352	235,992	(32,862)	273,201	422,772	263,565	319,474
Total pension liability - beginning	5,180,561	4,904,837	4,853,485	4,617,493	4,650,355	4,377,154	3,954,382	3,690,817	3,371,343
Total pension liability - ending (a)	<u>\$ 5,336,014</u>	<u>\$ 5,180,561</u>	<u>\$ 4,904,837</u>	<u>\$ 4,853,485</u>	<u>\$ 4,617,493</u>	<u>\$ 4,650,355</u>	<u>\$ 4,377,154</u>	<u>\$ 3,954,382</u>	<u>\$ 3,690,817</u>
<b>Total Fiduciary Net Position</b>									
Contributions - employer	114,182	163,072	192,906	203,301	215,652	183,199	170,839	168,741	211,844
Contributions - employee picked up by employer	38,534	34,696	31,492	34,275	32,934	30,465	26,654	27,922	26,674
Contributions - employee	7,707	6,783	8,049	6,855	6,587	6,093	5,544	5,784	5,525
Net investment income	(743,171)	889,998	239,968	215,415	260,044	352,649	384,891	(77,433)	289,838
Benefit payments, including refunds of contributions	(257,539)	(265,825)	(281,497)	(288,921)	(499,920)	(186,296)	(195,249)	(148,844)	(170,730)
Administrative expense	(68,708)	(54,681)	(32,660)	(32,378)	(49,254)	(39,291)	(50,014)	(45,090)	(34,257)
Other	5,388	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(903,607)	774,043	158,258	138,547	(33,957)	346,819	342,665	(68,920)	328,894
Plan fiduciary net position - beginning	5,402,166	4,628,123	4,469,865	4,331,318	4,365,275	4,018,456	3,675,791	3,744,711	3,415,817
Plan fiduciary net position - ending (b)	<u>\$ 4,498,559</u>	<u>\$ 5,402,166</u>	<u>\$ 4,628,123</u>	<u>\$ 4,469,865</u>	<u>\$ 4,331,318</u>	<u>\$ 4,365,275</u>	<u>\$ 4,018,456</u>	<u>\$ 3,675,791</u>	<u>\$ 3,744,711</u>
Net pension liability - ending (a) - (b)	\$ 837,455	\$ (221,605)	\$ 276,714	\$ 383,620	\$ 286,175	\$ 285,080	\$ 358,698	\$ 278,591	\$ (53,894)
Plan fiduciary net position as a percentage of the total pension liability	84.31%	104.28%	94.36%	92.10%	93.80%	93.87%	91.81%	92.95%	101.46%
Covered payroll	\$ 770,685	\$ 693,915	\$ 629,846	\$ 685,497	\$ 658,688	\$ 609,302	\$ 533,076	\$ 558,435	\$ 530,286
Net pension liability as a percentage of covered payroll	108.66%	-31.94%	43.93%	55.96%	43.45%	46.79%	67.29%	49.89%	-10.16%

Notes to Schedule:

1. Measurement Date - September 30, 2022      2021      2020      2019      2018      2017      2016      2015      2014
2. Valuation Date - October 1, 2021      2020      2019      2018      2017      2016      2015      2014      2013
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, 2023**

Reporting Date - September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service Cost	\$ 136,921	\$ 123,551	\$ 113,924	\$ 84,734	\$ 79,325	\$ 69,461	\$ 63,717	\$ 83,956	\$ 83,807
Interest	365,428	384,958	365,099	337,300	335,636	305,434	289,172	262,020	269,498
Benefit changes	-	-	190,499	-	-	-	-	-	-
Difference between actual and expected experience	42,247	140,799	14,578	(6,284)	187,675	74,382	183,386	(164,041)	(90,269)
Assumption changes	-	107,244	(80,127)	-	-	(14,589)	18,331	-	-
Benefit payments including refunds of contributions	(215,680)	(205,560)	(421,546)	(355,281)	(155,053)	(134,757)	(378,840)	(83,962)	(86,580)
Net change in total pension liability	328,916	550,992	182,427	60,469	447,583	299,931	175,766	97,973	176,456
Total pension liability - beginning	5,455,790	4,904,798	4,722,371	4,661,902	4,214,319	3,914,388	3,738,622	3,640,649	3,464,193
Total pension liability - ending (a)	<u>\$ 5,784,706</u>	<u>\$ 5,455,790</u>	<u>\$ 4,904,798</u>	<u>\$ 4,722,371</u>	<u>\$ 4,661,902</u>	<u>\$ 4,214,319</u>	<u>\$ 3,914,388</u>	<u>\$ 3,738,622</u>	<u>\$ 3,640,649</u>
<b>Total Fiduciary Net Position</b>									
Contributions - employer	189,025	224,781	240,755	203,630	191,176	180,222	171,238	173,181	216,595
Contributions - employee	35,517	33,620	27,592	23,770	20,603	19,087	16,789	18,678	19,703
Contributions - employee picked up by employer	34,113	30,112	25,636	21,548	18,457	16,838	14,170	15,447	16,376
Net investment income	(695,271)	667,931	624,392	127,498	403,164	416,423	334,500	(194,473)	306,638
Benefit payments, including refunds of contributions	(215,680)	(205,560)	(421,546)	(355,281)	(155,053)	(134,757)	(378,840)	(83,962)	(86,580)
Administrative expense	(54,117)	(44,720)	(35,323)	(33,342)	(49,917)	(19,937)	(39,371)	(41,841)	(29,676)
Administrative expense	(3,069)	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(709,482)	706,164	461,506	(12,177)	428,430	477,876	118,486	(112,970)	443,056
Plan fiduciary net position - beginning	5,035,267	4,329,103	3,867,597	3,879,774	3,451,344	2,973,468	2,854,982	2,967,952	2,524,896
Plan fiduciary net position - ending (b)	<u>\$ 4,325,785</u>	<u>\$ 5,035,267</u>	<u>\$ 4,329,103</u>	<u>\$ 3,867,597</u>	<u>\$ 3,879,774</u>	<u>\$ 3,451,344</u>	<u>\$ 2,973,468</u>	<u>\$ 2,854,982</u>	<u>\$ 2,967,952</u>
Net pension liability - ending (a) - (b)	\$ 1,458,921	\$ 420,523	\$ 575,695	\$ 854,774	\$ 782,128	\$ 762,975	\$ 940,920	\$ 883,640	\$ 672,697
Plan fiduciary net position as a percentage of the total pension liability	74.78%	92.29%	88.26%	81.90%	83.22%	81.90%	75.96%	76.36%	81.52%
Covered payroll	\$ 705,669	\$ 653,134	\$ 545,328	\$ 468,003	\$ 404,909	\$ 374,243	\$ 327,059	\$ 362,802	\$ 382,968
Net pension liability as a percentage of covered payroll	206.74%	64.39%	105.57%	182.64%	193.16%	203.87%	287.69%	243.56%	175.65%

Notes to Schedule:

1. Measurement Date - September 30, 2022 2021 2020 2019 2018 2017 2016 2015 2014
2. Valuation Date - October 1, 2021 2020 2019 2018 2017 2016 2015 2014 2013
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, 2023**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions In Relation to ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as Percentage of Employee Payroll</b>
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, 2021:**

<b>Actuarial Cost Method:</b>	Entry Age
<b>Amortization Method:</b>	Level Percentage of Pay, Closed
<b>Amortization Period:</b>	30 years
<b>Asset Valuation Method:</b>	4-year smoothed market
<b>Inflation:</b>	2.5%
<b>Salary Increases:</b>	6.00-7.00%
<b>Investment Rate of Return:</b>	7.00%
<b>Payroll Growth:</b>	4.0% per annum - not greater than historical 10-year average (4.5%) - minimum 0.0%
<b>Retirement Age:</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality:</b>	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, 2023**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Contributions In Relation to ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as Percentage of Employee Payroll</u>
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, 2023:

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 (-1.5%) 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 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 CONTRIBUTIONS  
FIREFIGHTERS' PLAN  
SEPTEMBER 30, 2023**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions In Relation to ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as Percentage of Employee Payroll</b>
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, 2023:

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 (5.3%).
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, 2023**

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

**OTHER INFORMATION**  
**COMBINING SCHEDULES**

**CITY OF STARKE, FLORIDA  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2023**

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 451,442	\$ 48,137	\$ 207,021	\$ 706,600
Receivables				
State insurance premium taxes	-	49,970	55,487	105,457
Interest and dividends	21,842	-	9,765	31,607
Total receivables	21,842	49,970	65,252	137,064
Investments, at fair value				
Money market funds	475,531	140,064	213,498	829,093
U.S. Treasuries	141,707	-	70,854	212,561
Fixed income mutual funds	-	1,694,720	-	1,694,720
Corporate bonds	2,230,353	-	987,630	3,217,983
Equity securities	7,627,821	2,882,078	3,515,349	14,025,248
Total investments, at fair value	10,475,412	4,716,862	4,787,331	19,979,605
Total assets	10,948,696	4,814,969	5,059,604	20,823,269
<b>Liabilities</b>				
Accounts payable	16,147	14,757	22,126	53,030
Due to other funds	21,327	-	5,500	26,827
Total liabilities	37,474	14,757	27,626	79,857
<b>Net position</b>				
Restricted for pensions	\$ 10,911,222	\$ 4,800,212	\$ 5,031,978	\$ 20,743,412

See notes to financial statements.

**CITY OF STARKE, FLORIDA  
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Total Pension Trust Funds
<b>Additions</b>				
Contributions:				
Employer	\$ 547,020	\$ 95,810	\$ 195,188	\$ 838,018
Plan members	22,766	7,241	39,240	69,247
State insurance premium taxes	-	94,554	99,288	193,842
Total contributions	<u>569,786</u>	<u>197,605</u>	<u>333,716</u>	<u>1,101,107</u>
Investment earnings:				
Net appreciation (depreciation) in fair value of investments	1,380,567	410,991	568,258	2,359,816
Interest and dividends	168,924	108,522	76,500	353,946
Total investment earnings	<u>1,549,491</u>	<u>519,513</u>	<u>644,758</u>	<u>2,713,762</u>
Less: investment expense	<u>(85,235)</u>	<u>(18,500)</u>	<u>(38,248)</u>	<u>(141,983)</u>
Net investment income (loss)	1,464,256	501,013	606,510	2,571,779
Total additions	2,034,042	698,618	940,226	3,672,886
<b>Deductions</b>				
Benefit payments and refunds	1,105,861	378,925	228,092	1,712,878
Administrative expenses	46,381	74,003	70,302	190,686
Total deductions	<u>1,152,242</u>	<u>452,928</u>	<u>298,394</u>	<u>1,903,564</u>
Change in net position	881,800	245,690	641,832	1,769,322
<b>Net position restricted for pensions, beginning of year</b>	10,029,422	4,554,522	4,390,146	18,974,090
<b>Net position restricted for pensions, end of year</b>	<u>\$ 10,911,222</u>	<u>\$ 4,800,212</u>	<u>\$ 5,031,978</u>	<u>\$ 20,743,412</u>

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, 2023**

Grantor / Program Title	Assistance Listing Number	Contract Number/Grant ID #	Award Amount	Prior Expenditures	Current Expenditures	Major Program
<b>Federal Awards</b>						
<i>US Department of Treasury</i>						
Passed through the Florida Department of Emergency Management						
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5299	\$ 2,715,629	\$ 1,351,983	\$645,891	
<i>US Department of Justice</i>						
Public Safety Partnership and Community Policing Grant	16.710	2020UMWX0100	250,000	89,983	21,449	
Victims of Crime Act	16.575	VOCA-2022-Starke Police Department-00397	51,196	-	42,278	
<i>US Department of Homeland Security</i>						
Federal Emergency Management Agency						
Disaster Grants - Public Assistance	97.036	Z3184 (DR-4673-Hurricane Ian)	37,664	-	37,664	
<i>US Department of Agriculture</i>						
Community Facility Grant	10.766		83,100	-	83,100	
Wastewater System Improvement Project	10.760	Grant 92-04	7,808,000	-	-	*
Wastewater System Improvement Project	10.760	Grant 92-07	1,825,000	-	-	*
Wastewater System Improvement Project	10.760	Grant 92-08	6,306,189	-	-	*
Wastewater System Improvement Project	10.760	Loan 92-03	8,819,000	-	5,902,778	*
Wastewater System Improvement Project	10.760	Loan 92-06	1,857,000	-	-	*
<i>Environmental Protection Agency</i>						
Passed through Florida Department of Environmental Protection						
Drinking Water State Revolving Fund - Grant	66.468	FS98452221-0 & DW040210	92,500	-	92,500	
Drinking Water State Revolving Fund - Loan	66.468	FS98452221-0 & DW040210	92,500	-	92,500	
<b>Total federal awards</b>			<b><u>\$29,937,778</u></b>	<b><u>\$ 1,441,966</u></b>	<b><u>\$ 6,918,160</u></b>	

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, 2023**

Grantor / Project Title	CSFA#	Contract Number/Grant ID #	Award Amount	Prior Expenditures	Current Expenditures	Major Project
<b>State Financial Assistance</b>						
Florida Department of Environmental Protection Statewide Water Quality Restoration Projects	37.039	LPA0389	\$3,750,000	-	\$64,200	
Wastewater Treatment and Stormwater Management TF	37.077	Grant WW040201	4,000,000	-	606,539	*
Wastewater Treatment and Stormwater Management TF	37.077	Loan WW040201	4,989,519	-	206,042	*
<i>Passed through Suwannee River Water Management District</i> SRWMD - Public Supply Efficiency Grant	37.100	20/21-043	40,000	-	28,399	
<i>Florida Department of Law Enforcement</i> City of Starke Police Department Roof and Electrical Hardening	71.060	7G012	207,500	-	197,507	
Total state financial assistance			<u>\$12,987,019</u>	<u>\$ -</u>	<u>\$1,102,687</u>	

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, 2023**

**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

1359 S.W. Main Blvd.  
Lake City, FL 32025  
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, 2023. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

**Powell and Jones CPA**  
Lake City, Florida  
August 29, 2024



**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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 29, 2024.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain material weaknesses which are presented in the schedule of findings and questioned costs.

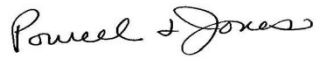
**Report on Compliance and Other Matters**

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.

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

**Powell and Jones CPA**  
Lake City, Florida  
August 29, 2024



**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, 2023, and have issued our report thereon dated August 29, 2024, which is unmodified.

We have issued our 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* dated August 29, 2024. Disclosures in these reports, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this 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 annual financial audit report. This information is tabulated below:

Uncorrected Audit Findings and Recommendations			Corrected Audit Findings and Recommendations
Current Year	2021-22 FY	2020-21	2022-002
Finding No.	Finding No.	Finding No.	2022-003
2023-001	2022-001	2021-007	R-2022-001
R-2023-002	R-2022-002		R-2022-003

**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.

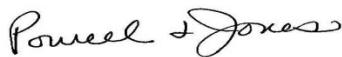
Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

**City of Starke, Florida's Response to Findings**

The City's responses to the findings identified in our audit are described in a letter from the City as listed in the table of contents. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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  
August 29, 2024



**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, 2023. 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, 2023. 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 August 29, 2024.

### ***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.

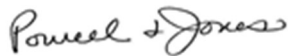
We were engaged to report on the Schedule of Expenditures of Federal Awards and State Financial Assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of 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'S**  
Lake City, Florida  
August 29, 2024



**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, 2023. 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, 2023.

***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***

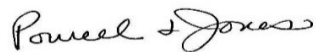
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

A handwritten signature in cursive script, appearing to read "Powell and Jones".

**Powell and Jones CPA**  
Lake City, Florida  
August 29, 2024

**CITY OF STARKE, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**Section I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified	Yes
• 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**

<u>Assistance Listing Number</u>	<u>Name of Program</u>
10.760	Wastewater System Improvement Project

**State Project**

<u>CSFA#</u>	<u>Name of Project</u>
37.077	Wastewater Treatment and Stormwater Management TF

Dollar threshold used to distinguish between Type A and Type B Federal programs:	\$750,000
Dollar threshold used to distinguish between Type A and Type B State projects:	\$330,806
Auditee qualified as low-risk auditee?	No

## **Section II – Financial Statement Findings and Recommendations**

### *Findings for Material Weaknesses:*

#### **2023-001 Preparation of Schedule of Expenditures of Federal Awards (Previously 2021-007 and 2020-008):**

Errors were found in the City's preparation of the schedule of expenditures of federal awards and state financial assistance (SEFA) provided for audit. Upon testing for completeness and accuracy of the SEFA, it was noted the City had grant amounts that were improperly excluded from the SEFA, necessitating revision. Part 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), Subpart F – Audit Requirements Section .510(b) describes the criteria and requirements for preparing the SEFA. Section 200.502 establishes the basis for determining Federal awards expended. Preparation of an incomplete and/or inaccurate SEFA can result in errors in identifying the scope of audit procedures under Uniform Guidance and, potentially, the Florida Single Audit Act, including but not limited to the incorrect identification of major programs or projects for audit. There were ineffective controls related to the review of the SEFA. City staff with responsibility for preparing the SEFA should familiarize themselves with the Uniform Guidance and Florida Single Audit Act cited above. We recommend the City include a secondary review of the SEFA prior to providing the schedule to the auditors. We also suggest that preparation of the SEFA include the review of contracts to ensure that awards have been correctly identified on the schedule.

### *Recommendations:*

#### **R-2023-002 Inventory Tracking (Previously R-2022-002)**

During our audit we found that inventory was not being routinely reconciled to the underlying accounting records requiring an adjustment at year end. We recommend that monthly reconciliations between the inventory management software and the accounting software be performed monthly.

## **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.



# City of Starke

**Scott Roberts**  
MAYOR

**CITY OF STARKE, FLORIDA  
MANAGEMENT'S RESPONSE  
SEPTEMBER 30, 2023**

**COMMISSIONERS:**

**Scott Roberts**  
**Janice Mortimer**  
**Danny Nugent**  
**Shannon Smith**  
**Andy Redding**

**1. 2023-001 Preparation of Schedule of Expenditures of Federal Awards (previously 2022-001, 2021-007 and 2020-008)**

Agree: The City has continued to improve its grant reporting processes to improve the accuracy of the Schedule of Expenditures of Federal Awards over prior years. In doing so, the City prepared its SEFA for FY 2023. However, adjustments were still needed for yearend accruals for audit adjustments. The City has seen significant expansion through numerous capital projects over prior years due to backlogged projects that have led to greater complexity in yearend reporting. The City will continue to work towards ensuring proper schedules are kept in preparation for the audit as well as continuing to track ongoing grant expenditures to ensure accuracy of financial reporting.

**CHIEF ADMIN OFFICER**

**Jimmy Crosby**

**RECOMMENDATIONS**

**1. R-2023-002 Inventory Tracking (previously R-2022-002)**

Agree: Management implemented new ERP software in FY 2023 and staff are continuing to be trained to correctly monitor inventory to ensure the accuracy of the software module against the general ledger.

**GENERAL MANAGER of  
PUBLIC WORKS,**

**Acting CITY CLERK**

**Russell A. Mullins**