

**CITY OF ST. MARKS, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024**

**CITY COMMISSION**

John Gunter  
Tim Lawrence  
Crystal Wonsch  
Jeremy Alday  
Sharon Rudd

**CITY MANAGER**

Zoe Mansfield

**CITY OF ST. MARKS, FLORIDA  
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SEPTEMBER 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Commissioners,  
City of St. Marks, Florida:

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Marks, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

In performing an audit in accordance with GAAS and GAS, we:

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

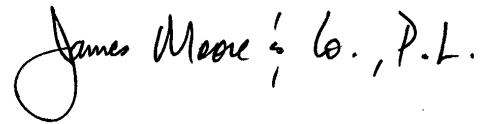
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a stylized "M".

Tallahassee, Florida  
January 30, 2026

**CITY OF ST. MARKS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

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

**Overview of the Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of St. Marks, Florida's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of St. Marks, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of St. Marks, Florida include general government and culture and recreation. The business-type activities of the City of St. Marks, Florida include water, sewer, and garbage operations.

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

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

**CITY OF ST. MARKS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

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

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

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

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

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

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

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

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of St. Marks, Florida, assets exceeded liabilities by \$4,931,682 at the close of the most recent fiscal year.

By far the largest portion of the City of St. Marks, Florida's net position (60 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of St. Marks, Florida uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of St. Marks, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF ST. MARKS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**City of St. Marks, Florida's Net Position**

	<b>2023</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Current and other assets	\$ 158,890	\$ 553,812	\$ 712,702
Capital assets	2,143,335	2,176,706	4,320,041
Total assets	2,302,225	2,730,518	5,032,743
Long-term liabilities outstanding	81,090	11,742	92,832
Other liabilities	43,577	65,781	109,358
Total liabilities	124,667	77,523	202,190
Net position:			
Net investment in capital assets	2,040,844	2,161,249	4,202,093
Restricted for:			
Debt Service	-	25,506	25,506
Unrestricted	136,714	466,240	602,954
Total net position	\$ 2,177,558	\$ 2,652,995	\$ 4,830,553
	<b>2024</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Current and other assets	\$ 1,430,680	\$ 703,900	\$ 2,134,580
Capital assets	921,691	2,069,241	2,990,932
Total assets	2,352,371	2,773,141	5,125,512
Long-term liabilities outstanding	-	7,921	7,921
Other liabilities	66,685	119,224	185,909
Total liabilities	66,685	127,145	193,830
Net position:			
Net investment in capital assets	890,716	2,057,513	2,948,229
Restricted for:			
Debt Service	-	27,307	27,307
Unrestricted	1,394,970	561,176	1,956,146
Total net position	\$ 2,285,686	\$ 2,645,996	\$ 4,931,682

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

**CITY OF ST. MARKS, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2024**

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

	<b>2023</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 43,655	\$ 433,865	\$ 477,520
Operating and Capital grants	-	-	-
General revenues:			
Property taxes	196,004	-	196,004
Other taxes, licenses, and permits	130,347	-	130,347
Intergovernmental and other	57,266	16,971	74,237
Interfund Transfer In (Out)	(327,433)	327,433	-
Total revenues	<u>99,839</u>	<u>778,269</u>	<u>878,108</u>
Expenses:			
General government	512,443	-	512,443
Physical Environment	-	-	-
Transportation	-	-	-
Culture and recreation	68,417	-	68,417
Interest on long-term debt	-	-	-
Water, sewer and garbage	-	587,137	587,137
Total expenses	<u>580,860</u>	<u>587,137</u>	<u>1,167,997</u>
Increase (decrease) in net position	(481,021)	191,132	(289,889)
<b>Net position</b> , beginning of year	<u>2,658,579</u>	<u>2,461,863</u>	<u>5,120,442</u>
<b>Net position</b> , end of year	<u>\$ 2,177,558</u>	<u>\$ 2,652,995</u>	<u>\$ 4,830,553</u>
	<b>2024</b>		
	<b>Governmental activities</b>	<b>Business-type activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 22,516	\$ 531,902	\$ 554,418
Operating and Capital grants	64,844	-	64,844
General revenues:			
Property taxes	220,377	-	220,377
Other taxes, licenses, and permits	154,615	-	154,615
Intergovernmental and other	145,352	22,249	167,601
Interfund Transfer In (Out)	76,825	(76,825)	-
Total revenues	<u>684,529</u>	<u>477,326</u>	<u>1,161,855</u>
Expenses:			
General government	474,465	-	474,465
Physical Environment	418	-	418
Transportation	21,006	-	21,006
Culture and recreation	78,335	-	78,335
Interest on long-term debt	2,177	-	2,177
Water, sewer and garbage	-	484,325	484,325
Total expenses	<u>576,401</u>	<u>484,325</u>	<u>1,060,726</u>
Increase (decrease) in net position	108,128	(6,999)	101,129
<b>Net position</b> , beginning of year	<u>2,177,558</u>	<u>2,652,995</u>	<u>4,830,553</u>
<b>Net position</b> , end of year	<u>\$ 2,285,686</u>	<u>\$ 2,645,996</u>	<u>\$ 4,931,682</u>

**CITY OF ST. MARKS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**Governmental activities.** Governmental activities increased the City of St. Marks, Florida's net position by \$108,128.

Key element of this decrease is as follows:

- The key element of this increase was a transfer out of the business type activities to the governmental activities for \$76,825.

**Business-type activities.** Business-type activities decreased the City of St. Marks, Florida's net position by \$6,999.

Key element of this increase is as follows:

- The key element of this decrease was a transfer out of the business type activities to the governmental activities for \$76,825.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of St. Marks, Florida's governmental fund reported an ending fund balance of \$1,394,970 an increase of \$1,258,256 in comparison with the prior year.

The general fund is the chief operating fund of the City of St. Marks, Florida. At the end of the current fiscal year, total fund balance of the general fund was \$1,394,970. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Ending fund balance represents 75% percent of total general fund revenues.

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

Unrestricted net position of the Water, Sewer and Garbage fund at the end of the year amounted to \$561,176. The total decrease in net position for the funds was \$6,999

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

**CITY OF ST. MARKS, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**General Fund Budgetary Highlights**

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

**Capital assets.** The City of St. Marks, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2024, amounts to \$335,990 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities and roads.

**Long-term debt.** At the end of the current fiscal year, City of St. Marks, Florida had debt outstanding of \$42,703.

**City of St. Marks, Florida's Outstanding Debt**

Notes Payable	\$ <u>42,703</u>
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**Economic Factors and Next Year's Budgets and Rates**

- Changes in state budgets and legislation may make financial forecasting difficult; however, past performance, expected growth or slowdowns, and expected tax decreases are all factors considered in preparing the City of St. Marks, Florida budget for the 2024-2025 fiscal year.

**Requests for Information**

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

**CITY OF ST. MARKS, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,288,647	\$ 196,009	\$ 1,484,656
Investments	50,293	403,999	454,292
Receivables, net	7,362	80,517	87,879
Internal balances	4,542	(4,542)	-
Due from other governments	79,836	-	79,836
Restricted assets:			
Cash and cash equivalents	-	27,917	27,917
Capital assets:			
Non-depreciable	223,101	1,001	224,102
Depreciable, net	698,590	2,068,240	2,766,830
Total assets	<u>\$ 2,352,371</u>	<u>\$ 2,773,141</u>	<u>\$ 5,125,512</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 35,560	\$ 85,147	\$ 120,707
Customer deposits	150	27,794	27,944
Unearned revenue	-	1,866	1,866
Accrued interest payable	-	610	610
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	22,215	3,807	26,022
Due in more than one year:			
Bonds and notes payable	8,760	7,921	16,681
Total liabilities	<u>\$ 66,685</u>	<u>\$ 127,145</u>	<u>\$ 193,830</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 890,716	\$ 2,057,513	\$ 2,948,229
Restricted for:			
Debt service	-	27,307	27,307
Unrestricted	1,394,970	561,176	1,956,146
Total net position	<u>\$ 2,285,686</u>	<u>\$ 2,645,996</u>	<u>\$ 4,931,682</u>

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

**CITY OF ST. MARKS, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/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
Governmental activities:							
General government	\$ 474,465	\$ 6,053	\$ -	\$ 44,144	\$ (424,268)	\$ -	\$ (424,268)
Physical environment	418	-	-	-	(418)	-	(418)
Transportation	21,006	-	-	20,700	(306)	-	(306)
Culture and recreation	78,335	16,463	-	-	(61,872)	-	(61,872)
Interest on long-term debt	2,177	-	-	-	(2,177)	-	(2,177)
Total governmental activities	<u>576,401</u>	<u>22,516</u>	<u>-</u>	<u>64,844</u>	<u>(489,041)</u>	<u>-</u>	<u>(489,041)</u>
Business-type activities:							
Utility fund	<u>484,325</u>	<u>531,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,577</u>	<u>47,577</u>
Total business-type activities	<u>484,325</u>	<u>531,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,577</u>	<u>47,577</u>
Total primary government	<u>\$ 1,060,726</u>	<u>\$ 554,418</u>	<u>\$ -</u>	<u>\$ 64,844</u>	<u>(489,041)</u>	<u>47,577</u>	<u>(441,464)</u>
General revenues:							
Property taxes					220,377	-	220,377
Sales and use taxes					13,962	-	13,962
Franchise fees					44,715	-	44,715
Public service taxes					69,619	-	69,619
State revenue sharing					26,319	-	26,319
Other intergovernmental revenues					12,002	-	12,002
Investment earnings (loss)					3,188	22,249	25,437
Miscellaneous revenues					9,160	-	9,160
Gain on disposal of capital assets					121,002	-	121,002
Transfers					76,825	(76,825)	-
Total general revenues					<u>597,169</u>	<u>(54,576)</u>	<u>542,593</u>
Change in net position					108,128	(6,999)	101,129
Net position - beginning					2,177,558	2,652,995	4,830,553
Net position - ending					<u>\$ 2,285,686</u>	<u>\$ 2,645,996</u>	<u>\$ 4,931,682</u>

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

**CITY OF ST. MARKS, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,288,647
Investments	50,293
Receivables, net	7,362
Due from other governments	79,836
Due from other funds	4,542
Total assets	\$ 1,430,680
<b>LIABILITIES</b>	
Accounts payable	\$ 29,911
Accrued payroll and employee benefits	5,649
Customer deposits	150
Total liabilities	35,710
<b>FUND BALANCES</b>	
Unassigned	1,394,970
Total fund balances	1,394,970
<b>Total liabilities and fund balances</b>	<b>\$ 1,430,680</b>

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

**CITY OF ST. MARKS, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

<b>Fund balances - total governmental funds</b>		\$ 1,394,970
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	1,475,520	
Less: accumulated depreciation	<u>(553,829)</u>	921,691
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 and other long-term liabilities consist of the following:		
Bonds and notes payable		(30,975)
<b>Net position of governmental activities</b>		<u><u>\$ 2,285,686</u></u>

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

**CITY OF ST. MARKS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>General Fund</b>
<b>Revenues</b>	
Taxes	\$ 303,958
Licenses, permits, and assessments	49,297
Intergovernmental	102,394
Charges for services	18,705
Investment income	3,188
Miscellaneous	1,384,300
<b>Total revenues</b>	<b>1,861,842</b>
<b>Expenditures</b>	
Current:	
General government	396,455
Physical environment	418
Transportation	21,006
Culture and recreation	78,335
Capital outlay	110,504
Debt service	
Principal	71,516
Interest and fiscal charges	2,177
<b>Total expenditures</b>	<b>680,411</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,181,431</b>
<b>Other financing sources (uses)</b>	
Transfers in	76,825
<b>Total other financing sources (uses)</b>	<b>76,825</b>
<b>Net change in fund balances</b>	<b>1,258,256</b>
<b>Fund balances, beginning of year</b>	<b>136,714</b>
<b>Fund balances, end of year</b>	<b>\$ 1,394,970</b>

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

**CITY OF ST. MARKS, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 1,258,256</b>
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	110,504
Depreciation expense	(78,010)
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.	
	(1,254,138)
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	71,516
<b>Change in net position of governmental activities</b>	<b>\$ 108,128</b>

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

**CITY OF ST. MARKS, FLORIDA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024**

	<u><b>Water, Sewer and Garbage Fund</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 196,009
Restricted cash	27,917
Investments	403,999
Accounts receivable, net	80,517
Total current assets	<u>708,442</u>
Noncurrent assets:	
Capital assets:	
Land	1,001
Plant in service	154,990
Infrastructure (other than buildings)	4,232,323
Equipment	90,682
Construction in progress	111,888
Accumulated depreciation	(2,521,643)
Total noncurrent assets	<u>2,069,241</u>
Total assets	<u><u>\$ 2,777,683</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 82,739
Accrued payroll	2,408
Deposits	27,794
Unearned revenue	1,866
Due to other funds	4,542
Accrued interest payable	610
Current maturities on long-term debt	3,807
Total current liabilities	<u>123,766</u>
Noncurrent liabilities:	
Notes payable	7,921
Total noncurrent liabilities	<u>7,921</u>
Total liabilities	<u><u>\$ 131,687</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,057,513
Restricted for:	
Debt service	27,307
Unrestricted	561,176
Total net position	<u><u>\$ 2,645,996</u></u>

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

**CITY OF ST. MARKS, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u><b>Water, Sewer and Garbage Fund</b></u>
<b>Operating revenues</b>	
Charges for services	\$ 531,902
Total operating revenues	<u>531,902</u>
<b>Operating expenses</b>	
Personnel services	62,982
Operating expenses	313,878
Depreciation	107,465
Total operating expenses	<u>484,325</u>
<b>Operating income (loss)</b>	<u>47,577</u>
<b>Nonoperating revenues (expenses)</b>	
Interest earnings	22,249
Total nonoperating revenues (expenses)	<u>22,249</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>69,826</u>
Transfers out	(76,825)
<b>Change in net position</b>	<u>(6,999)</u>
<b>Net position, beginning of year</b>	2,652,995
<b>Net position, end of year</b>	<u><u>\$ 2,645,996</u></u>

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

**CITY OF ST. MARKS, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Water, Sewer and Garbage Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 502,294
Cash paid to employees	(62,982)
Cash paid to suppliers	(261,934)
Net cash provided by (used in) operating activities	177,378
<b>Cash flows from noncapital financing activities</b>	
Interfund transfers	(76,825)
Interfund loans	(24,288)
Net cash provided by (used in) noncapital financing activities	(101,113)
<b>Cash flows from capital and related financing activities</b>	
Principal payments of long-term debt	(3,729)
Interest paid	(351)
Net cash provided by (used in) capital and related financing activities	(4,080)
<b>Cash flows from investing activities</b>	
Interest received	22,249
Sales of investments	54,576
Net cash provided by (used in) investing activities	76,825
<b>Net change in cash and cash equivalents</b>	149,010
<b>Cash and cash equivalents, beginning of year</b>	74,916
<b>Cash and cash equivalents, end of year</b>	\$ 223,926
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income (loss)	\$ 47,577
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	107,465
Changes in assets and liabilities:	
Accounts receivable	(31,366)
Accounts payable and accrued liabilities	51,944
Deposits	2,324
Unearned revenue	(566)
Net cash provided by (used in) operating activities	\$ 177,378
<b>Cash and cash equivalents classified as:</b>	
Unrestricted	\$ 196,009
Restricted	27,917
Total cash and cash equivalents	\$ 223,926

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

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

The City's Community Redevelopment Agency (“Agency”) serves all the citizens of the City and is governed by the same Board. The Agency was established to prevent the development or spread of slums and blight, reduce and prevent crime, and for the provision of affordable housing. The Agency is reported as a special revenue fund. There was no activity in the special revenue fund for the year ended September 30, 2024.

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

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

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

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

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

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

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

The City reports the following major governmental fund:

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

The government reports the following major proprietary fund:

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

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

(d) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental fund budget is prepared on the modified accrual basis of accounting. The proprietary fund budget is prepared on a full accrual basis of accounting.

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

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

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

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

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

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

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

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

(i) **Compensated absences**—The City Council has adopted a policy requiring all vacation leave to be used in the year earned, with no carryover of unused leave. Sick leave can be carried forward, but unused sick leave is not compensated at the termination of employment. Accordingly, no liability for compensated absences exists at September 30, 2024.

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

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

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

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

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

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

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

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

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

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

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

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

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

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

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

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

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

(3) **Receivables:**

Receivables as of September 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Receivable, Gross</u>	<u>Allowance for Doubtful Accounts</u>	<u>Receivable, Net</u>
Governmental Activities:			
General Fund	\$ 87,198	\$ -	\$ 87,198
Business-Type Activities:			
Water, Sewer and Garbage Fund	100,334	(19,817)	80,517
Totals	<u>\$ 187,532</u>	<u>\$ (19,817)</u>	<u>\$ 167,715</u>

**CITY OF ST. MARKS, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year. Interfund transfers were consistent with the purpose of the fund making the transfer

As of September 30, 2024, interfund balances were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Water, Sewer and Garbage	\$ 4,542
<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
General Fund	Water, Sewer and Garbage	\$ 76,825

**(5) Deposits and Investments:**

**Deposits.** At year end, the carrying amount of the City’s deposits was \$1,512,423 and the bank balance was \$1,514,635. The entire bank balance was covered by Federal depository insurance or by collateral held by the City’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Public Deposits Act Chapter 280, Florida Statutes.

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

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

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

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

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

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(5) **Deposits and Investments:** (Continued)

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

As of September 30, 2024, the City had the following investment reported at market value:

Florida PRIME	<b>Fair Value</b>
	\$ 430,922

(6) **Capital Assets:**

Capital asset activity for the year ended September 30, 2024 was as follows:

<b>Governmental activities:</b>	<b>Balance 09/30/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 09/30/24</b>
Capital assets not being depreciated:				
Land	\$ 623,101	\$ -	\$ (400,000)	\$ 223,101
Total assets not being depreciated	623,101	-	(400,000)	223,101
Capital assets being depreciated and amortized:				
Buildings and improvements	2,052,436	-	(1,056,161)	996,275
Equipment, furniture, fixtures and vehicles	222,267	110,504	(76,627)	256,144
Total assets being depreciated and amortized	2,274,703	110,504	(1,132,788)	1,252,419
Less accumulated depreciation and amortization for:				
Buildings, improvements, equipment, furniture, fixtures	(754,469)	(78,010)	278,650	(553,829)
Total capital assets being depreciated and amortized, net	(754,469)	(78,010)	278,650	(553,829)
Governmental activities capital assets, net	\$ 2,143,335	\$ 32,494	\$ (1,254,138)	\$ 921,691
<b>Business-type activities:</b>	<b>Balance 09/30/23</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 09/30/24</b>
Capital assets not being depreciated:				
Land	\$ 1,001	\$ -	\$ -	\$ 1,001
Construction in progress	111,888	-	-	111,888
Total assets not being depreciated	112,889	-	-	112,889
Capital assets being depreciated and amortized:				
Equipment, buildings, utility systems, and improvements	4,477,995	-	-	4,477,995
Less accumulated depreciation	(2,414,178)	(107,465)	-	(2,521,643)
Total capital assets being depreciated	2,063,817	(107,465)	-	1,956,352
Business-type activities capital assets, net	\$ 2,176,706	\$ (107,465)	\$ -	\$ 2,069,241

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(6) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 78,010
	<u>\$ 78,010</u>
Business-type activities:	
Water, Sewer and Garbage	\$ 107,465
Total	<u>\$ 107,465</u>

(7) **Commitments and Contingencies:**

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute, a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2024, no amounts have been accrued

(8) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

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

Notes payable at September 30, 2024, are comprised of the following obligations:

2.46% note payable to State of Florida, payable in semi-annual installments of \$2,040, including interest, through April 2027, collateralized by revenues.	\$ 11,728
3.74% note payable to bank, payable in monthly installments of \$2,073, including interest, through March 2028, collateralized by revenues.	<u>30,975</u>
Total long-term debt	42,703
Less: current portion	(26,022)
Total long-term debt, business-type activities	<u>\$ 16,681</u>

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

Note payable debt service requirements to maturity are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 26,022	\$ 1,021
2026	12,662	223
2027	4,019	28
Total	\$ 42,703	\$ 1,272

Long-term liability activity for the year ended September 30, 2024, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within one year</b>
Governmental activities:					
Note payable	\$ 102,491	\$ —	\$ (71,516)	\$ 30,975	\$ 22,215
Governmental activity long-term liabilities	\$ 102,491	—	\$ (71,516)	\$ 30,975	\$ 22,215
Business-type activities:					
Notes payable	\$ 15,457	\$ —	\$ (3,729)	\$ 11,728	\$ 3,807
Business-type activity long-term liabilities	\$ 15,457	\$ —	\$ (3,729)	\$ 11,728	\$ 3,807

(10) **Defined Contribution Plan:**

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

The City's contribution for each employee (and interest allocated to the employee's account) is fully vested after three years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the City's current period contribution requirement. For the years ending September 30, 2024, 2023 and 2022 the City's contributions to the plan were \$8,362, \$13,178, and \$6,727, respectively.

**CITY OF ST. MARKS, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.
- (b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- (c) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (d) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (e) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ST. MARKS, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 304,000	\$ 304,000	\$ 303,958	\$ (42)
Licenses, permits, and assessments	45,500	45,500	49,297	3,797
Intergovernmental	362,716	362,716	102,394	(260,322)
Charges for services	20,500	20,500	18,705	(1,795)
Investment income	2,000	2,000	3,188	1,188
Miscellaneous	6,000	6,000	1,384,300	1,378,300
Total revenues	<u>740,716</u>	<u>740,716</u>	<u>1,861,842</u>	<u>1,121,126</u>
<b>Expenditures</b>				
Current:				
General government	325,000	325,000	396,455	(71,455)
Physical environment	500	500	418	82
Transportation	276,216	276,216	21,006	255,210
Culture and recreation	64,000	64,000	78,335	(14,335)
Capital outlay	75,000	75,000	110,504	(35,504)
Debt Service:				
Principal	-	-	71,516	(71,516)
Interest and fiscal charges	-	-	2,177	(2,177)
Total expenditures	<u>740,716</u>	<u>740,716</u>	<u>680,411</u>	<u>60,305</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>1,181,431</u>	<u>1,181,431</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	76,825	76,825
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>76,825</u>	<u>76,825</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>1,258,256</u>	<u>1,258,256</u>
<b>Fund balances, beginning of year</b>	136,714	136,714	136,714	-
<b>Fund balances, end of year</b>	<u>\$ 136,714</u>	<u>\$ 136,714</u>	<u>\$ 1,394,970</u>	<u>\$ 1,258,256</u>

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

**CITY OF ST. MARKS, FLORIDA  
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**A. Budgetary information:**

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

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

- a) Prior to October 1, the City Commission prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
- d) Revisions that alter the total expenditures of any fund must be approved by the City Commission.
- e) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- f) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Marks, Florida (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2026.

***Report on Internal Control over Financial Reporting***

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described below as items 2024-001, 2024-002, and 2024-003 to be material weaknesses.

**2024-001 – Segregation of Duties**

During the audit we noted that the same individual within the accounting department handles cash and checks and posts receipts and disbursements to the ledger. We recommend that the City have another designated person receive all cash and checks, make all required deposits and return a summary of receipts along with a validated deposit slip before turning them over to the accounting department.

### **2024-002 – Year-End Financial Reporting Processes**

During the audit, certain audit adjustments were recorded to better align recorded account balances with supporting documentation, primarily related to the timing of revenue and expense recognition, accruals, and the reconciliation of receivable and payable balances. The need for these adjustments suggests an opportunity to continue refining the City's year-end reconciliation and review processes. Internal controls are supported by periodic reconciliations of significant accounts and accrual-based reconciliations at fiscal year-end to help ensure transactions are recorded in the appropriate period and in accordance with applicable accounting standards.

### **2024-003 – Utility Controls**

During the audit, certain matters were identified related to utility billing and revenue processes, including meter readings, account setup and maintenance, and the timely application of billing and collection policies. Continued refinement of utility billing processes, including periodic review of meter data, customer accounts, and billing calculations, would further support the completeness and accuracy of utility revenues and reduce reliance on audit adjustments in future periods.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below as items 2024-004, 2024-005 and 2024-006 to be significant deficiencies.

### **2024-004 – Cash Disbursement Controls**

During the audit, we noted certain issues related to cash disbursement related controls. Specifically, elements of the cash disbursement process did not consistently demonstrate sufficient documentation of independent review and approval. These conditions increase the risk that errors or unauthorized disbursements may occur and not be detected in a timely manner. We recommend that management strengthen cash disbursement controls by enhancing documentation of independent review and approval of disbursements, and by adopting a formal cash disbursements policy. These actions will help reduce the risk of errors or unauthorized disbursements and improve overall control effectiveness.

### **2024-005 – Information Technology Controls**

During our testing over information technology related controls, we noted that there is no documented control policy or procedure addressing key information technology activities. Specifically, there are no written policies covering scheduled offsite backups, periodic backup testing, password requirements, firewall management, or antivirus software maintenance. We recommend that management develop and implement formal information technology control policies and procedures governing these areas. Documented policies will help ensure that critical information technology functions are performed consistently, responsibilities are clearly defined, and risks related to data loss, system security, and unauthorized access are appropriately mitigated.

## **2024-006 – Significant Impacts during Fiscal Year**

During the audit, we noted that the City experienced significant staff turnover and hurricane related disruptions, which impacted recordkeeping and the availability of supporting documentation (including, but not limited to, meeting minutes, journal entries and certain payroll related documents). We recommend the City strengthen its processes by formally documenting key financial and IT procedures, enforcing consistent record retention practices and establishing structured transition and cross training measures to ensure operational continuity. These steps will help safeguard institutional knowledge, preserve audit evidence, and reduce the risk of similar limitations in future periods.

### **Report on Compliance and Other Matters**

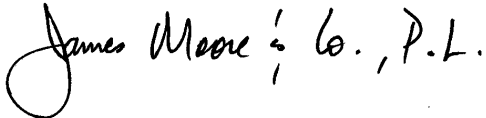
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

### **City's Response to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit are described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

James Moore & Co., P.L.

Tallahassee, Florida  
January 30, 2026

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

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

**Report on the Financial Statements**

We have audited the basic financial statements of City of St. Marks, Florida (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated January 30, 2026.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountants’ Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 30, 2026, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding #</b>	<b>2022-2023 Finding #</b>	<b>2021-2022 Finding #</b>
2024-001	2023-001	2022-001
2024-002	2023-002	N/A

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and component units of the reporting entity is disclosed in Note 1 of the basic financial statements.

## **Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

### **2024-007 – Qualified Public Depositor Annual Report**

The City did not submit its Public Depositor Annual Report to the Florida Department of Financial Services by the November 30 deadline following fiscal year-end, as required by Florida Administrative Code. We recommend the City establish and monitor procedures to ensure required reports are completed and submitted timely in accordance with applicable requirements.

### **2024-008 – Budget Compliance**

The fiscal year 2024 adopted budget was not posted online for public access, and transfers from the Utility Fund to the General Fund to offset operating deficits were neither included in the adopted budget nor approved through a formal budget amendment. These conditions resulted in noncompliance with applicable public transparency, budgetary, and accounting requirements. We recommend the City ensure adopted budgets are timely posted and that all fund transfers are properly budgeted and formally approved in accordance with applicable requirements.

### **2024-009 – Meeting Minutes Record Retention**

During the audit, certain meeting minutes were unavailable for review. Management indicated the records were destroyed due to water damage and mold contamination resulting from Hurricane Idalia in 2023, and adequate record retention and backup procedures were not in place. Section 286.011(2), Florida Statutes, requires that meeting minutes be recorded and maintained as public records open to public inspection. We recommend the City implement procedures, including electronic retention and backup measures, to safeguard meeting minutes and ensure compliance with statutory requirements.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City of St. Marks, Florida for the fiscal year ended September 30, 2024, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2024. In connection with our audit, we determined that these two reports were in agreement.

## **Property Assessed Clean Energy (PACE) Programs**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit.

## **Special District Component Units**

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

## **Specific Special District Information – the City of St. Marks Community Redevelopment Agency**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the City of St. Marks Community Redevelopment Agency District reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: -0-
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$-0-.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$-0-.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as: \$-0-.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: there were no amendments between the original and final total district expenditure budget.

### **Additional Matters**

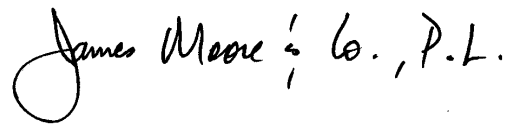
Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the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

### **Management's Response to the Findings**

The City's response to the findings identified in our audit is outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Board of Commissioners, 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida  
January 30, 2026

**INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

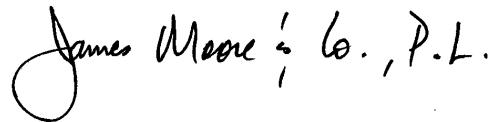
To the Honorable City Commission,  
City of St. Marks, Florida:

We have examined the City of St. Marks, Florida's (the City) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies (the Statute), for the year ended September 30, 2024. The City's 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 responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance based on our examination during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.



Tallahassee, Florida  
January 30, 2026

City of St. Marks  
P.O. Box 296 | 788 Port Leon Drive, St. Marks, Florida 32355-0296  
Phone: 850-320-5220

### **Management's Response**

#### **Finding 2024-001: Segregation of Duties**

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

#### **Finding 2024-002: Year-End Financial Reporting Processes**

The City has engaged another outside CPA firm to assist in journal entries and accrual adjustments. That firm will help us ensure proper year-end financial reporting.

#### **Finding 2024-003: Utility Controls**

Since September 2024, the City has overhauled the utility control processes and is continuing to evaluate utility assets and software for improvement.

#### **Finding 2024-004: Cash Disbursement Controls**

The City had a major flooding due to Hurricane Helene. Hurricane Helene displaced city staff from their city hall and is still currently closed. City Hall contents including records were placed in storage containers due to black mold contamination, which is currently unsafe for staff to handle. Therefore, the City was unable to retrieve certain documents. The City is now trying to scan documents and continue to work on their cash disbursement policies.

#### **Finding 2024-005: Information Technology Controls**

The City hired a technology firm in December 2024 to document and implement technology related controls including written policies over offsite backups, periodic backup testing, password requirements, firewall management, or antivirus software maintenance.

#### **Finding 2024-006: Significant Impacts during Fiscal Year**

The city is fiscally constrained, which prevents hiring additional staff to update decades-old records. Hurricane Helene displaced city staff from their city hall and is still currently closed. City Hall contents including records were placed in storage containers due to black mold contamination, which is currently unsafe for staff to handle. Management is state trained in records management, retention, and recovery which will allow her to cross train staff to properly handle and store records moving forward.

#### **Finding 2024-007: Qualified Public Depositor Annual Report**

The City has established a calendaring system for all reports to ensure they are completed and submitted timely in accordance with applicable requirements.

#### **Finding 2024-008: Budget Compliance**

The City will ensure adopted budgets are timely posted and that all fund transfers are properly budgeted with formal approval in accordance with applicable requirements.

#### **Finding 2024-009: Meeting Minutes Record Retention**

The City has implemented procedures, including electronic retention and backup measures, to safeguard meeting minutes and ensure compliance with statutory requirements. In addition, minutes after September 2024 are now signed and sealed.