

Port St. Joe Port Authority

Financial Statements
September 30, 2022

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PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Port St. Joe Port Authority
Port St. Joe, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, of the Port St. Joe Port Authority, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Port St. Joe Port Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Port St. Joe Port Authority, as of September 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port St. Joe Port Authority 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 Port St. Joe Port Authority'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' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port St. Joe Port Authority'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 Port St. Joe Port Authority'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 on pages 4-5, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023 on our consideration of the Port St. Joe Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.

Apalachicola, FL
June 23, 2023

A handwritten signature in cursive script that reads "Vance CPA LLC".

Vance CPA, LLC

**Port St. Joe Port Authority
Management’s Discussion and Analysis**

Management’s discussion and analysis (MD&A) of the Port St. Joe Port Authority’s (“the Port Authority”) financial activities in the fiscal year ended September 30, 2022 is presented below. It should be read in conjunction with the Port Authority’s financial statements.

Financial Highlights and Analysis

The Port Authority had total assets of over \$2.2 million and \$2.2 million on September 30, 2022 and 2021, respectively. Total assets of the Port Authority exceeded its liabilities at September 30, 2022 and 2021 by \$1.665 million and \$1.655 thousand, respectively. Of these amounts (\$26,269) and (\$26,343) may be used to meet the Port Authority’s ongoing obligations (unrestricted net position), respectively. Net position increased by \$10 thousand. At September 30, 2022, the Port Authority employed no full time employees.

The Port Authority’s Funds

The Port Authority records all transactions in a proprietary fund. Summarized 2022 and 2021 data (in 000’s) is as follows:

	Year Ended 9/30/2022	Year Ended 9/30/2021
Operating revenue	\$ 32	\$ 6
Cost and expenses	55	34
Nonoperating revenue and expenses, net	33	67
Net income	\$ 10	\$ 59

Net nonoperating revenue in 2022 and 2021 was comprised principally of grant proceeds and contributions in the amounts of \$32,588 and \$1, respectively.

The Port Authority does not levy property taxes, but may levy non-ad valorem fees and assessments against benefited property. In addition, the Gulf County Commission and the City of Port St. Joe may levy millage to finance the Port Authority.

Capital Assets

The Port Authority had the sum of \$2.134 million invested in capital assets at September 30, 2022 and \$2.139 million at September 30, 2021.

**Port St. Joe Port Authority
Management's Discussion and Analysis (continued)**

Debt

The Port Authority had \$442,745 and \$457,277 in debt outstanding at September 30, 2022, and 2021, respectively.

Economic and Other Factors

The future costs to finance the development and to operate a port facility will be significant and success will be dependent, among other things, on the ability of the Port Authority to attract shipping interest with adequate cargo volume to generate sufficient revenue for the Port Authority to conduct operations. In addition, the Port Authority must obtain sufficient financing through governmental grants and third party loans and/or investments to enable it to complete the development of a port site.

Contacting the Port Authority

This financial report is designed to provide interested parties with a general overview of the Port Authority's finances and to demonstrate the Port Authority's accountability for the money it receives. Questions about this report or requests for additional financial information should be addressed to:

Port Authority Director
101 Good Morning Street, Suite 103
Port St. Joe, FL 32456

**STATEMENT OF NET POSITION
 PROPRIETARY FUND
 PORT ST. JOE PORT AUTHORITY**

For the Year Ended September 30, 2022

Current Assets	
Cash and temporary cash investments	\$ 46,477
Due from other governments	5,217
Leases receivable	10,605
Prepaid assets	<u>2,691</u>
Total current assets	<u>64,990</u>
Noncurrent Assets	
Leases receivable	40,721
Capital Assets	
Improvements	78,038
Land and construction in progress	2,063,801
Office equipment	4,933
Less accumulated depreciation	<u>(12,737)</u>
Net capital assets	<u>2,134,035</u>
Total non-current assets	<u>2,174,756</u>
Other Assets	
Deposits	<u>60</u>
Total Other Assets	<u>60</u>
Total Assets	<u>2,239,806</u>
LIABILITIES	
Current liabilities:	
Accounts payable	23,252
Note payable – current portion	<u>16,042</u>
Total current liabilities	<u>39,294</u>
Long Term Liabilities	
Accrued interest	48,722
Note payable	<u>426,703</u>
Total long-term liabilities	<u>475,425</u>
Total liabilities	<u>514,719</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid earnings from customers	8,740
Related to leases	<u>51,326</u>
Total deferred inflows	<u>60,066</u>
NET POSITION	
Net investment in capital assets	1,691,290
Unrestricted	<u>(26,269)</u>
Total net position	<u>1,665,021</u>
Total liabilities, deferred inflows Of resources, and net position	<u>\$ 2,239,806</u>

See accompanying notes to financial statements

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION – PROPRIETARY FUND**

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

Operating Revenues	
Land operations	\$ 18,750
Miscellaneous revenue	<u>13,406</u>
Total operating revenues	<u>32,156</u>
Cost and expenses	
Professional services	14,500
Insurance	3,623
Dues	23,375
Other costs and expenses	<u>13,516</u>
Total costs and expenses	<u>55,014</u>
Operating income (loss)	(22,858)
Capital Grant	<u>32,588</u>
Change in net position	9,730
Total net position, beginning of year	<u>1,655,291</u>
Total net position, end of year	<u>\$ 1,665,021</u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS – PROPRIETARY FUND

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

Cash flows from operating activities	
Receipts from customers	\$ 32,156
Expenses for services and suppliers	<u>(9,783)</u>
Net cash used in operating activities	<u>22,373</u>
Cash flows from capital and related financing activities	
Grant proceeds	32,588
Principal payments on debt	(14,532)
Acquisition of capital assets	<u>(2,928)</u>
Net cash from capital and related financing activities	<u>15,128</u>
Net increase in cash and temporary investments	37,501
Cash and temporary investments, beginning of year	<u>8,976</u>
Cash and temporary investments, end of year	<u><u>\$ 46,477</u></u>
Reconciliation of loss from operations to net cash used in operating activities	
Income from operations	(22,858)
Depreciation	7,804
(Increase) decrease in prepaid assets	315
(Increase) decrease in accounts receivable	52,153
Increase (decrease) in accounts payable	(23,781)
Increase (decrease) in accrued liabilities	<u>8,740</u>
Net cash (used in) operating activities	<u><u>\$ 22,373</u></u>

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Reporting Entity

The Port St. Joe Authority (Port Authority) is an agency organized to acquire, construct, maintain and operate port terminal facilities at Port St. Joe, Florida. The Port Authority is an independent Special District created in 1955 under Special Act 1955, Chapter 30787, and amended in 1978 under Chapter 514. A special act under Laws of Florida, Chapter 2000-488, codified and amended previous acts of legislation.

The Port Authority's mission is to return the port to its historic status, thereby creating jobs and economic development for the Port St. Joe area. The County Commission of Gulf County may pledge the second cent gas tax or may levy a millage, and the City of Port St. Joe may levy a millage to finance the Port Authority. The Port Authority may also levy non ad valorem assessments and fees against benefited property. No taxes have been assessed since inception. The Port Authority is governed by a five-member Board of Directors appointed to four-year terms by the Governor of the State of Florida. The Port Director and Board of Directors exercise oversight responsibility for all matters relating to Port Authority business. There are no component units for which the Port Authority has oversight responsibility. While the Port Authority is only operational to the extent of leasing land, extensive activities are occurring, including bulkhead construction and dredging, leasing a site for future port development and new customer interest.

B. Basis of Accounting

The Port Authority accounts for its financial activities on a flow of economic resources measurement focus (accrual basis of accounting). All assets and liabilities (whether current or noncurrent) associated with this activity are included on the statements of net position. Under this method, any revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Port Authority does not use an encumbrance system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues will result from providing port services in connection with a proprietary fund's principal ongoing operations. Operating expenses include administrative and other expenses incurred in developing a port site. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 34

The Port Authority follows the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Statement 34 establishes standards for external financial reporting for all state and local governmental entities which includes a Management's Discussion and Analysis section, a Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Position and a Statement of Cash Flows. It requires the classification of Net Position into three components - Invested in Capital Assets net of related debt; Restricted; and Unrestricted. The Port Authority had no restricted assets in 2022.

The Port Authority applies all applicable GASB pronouncements.

C. Cash and Temporary Investments

The Port Authority's cash and cash investments considers certificates of deposit and other highly liquid debt instruments to be cash equivalents. When applicable, the Port Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Generally, this statement establishes fair value standards for various investments, including debt securities and open-end mutual funds.

D. Income Taxes

The Port Authority is an independent special district and is exempt from federal and state income taxes.

E. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property and Improvements

Property and improvements are recorded at cost. Property and improvements includes the cost of construction, dredging and engineering.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Other Capital Assets

It is the Port Authority's policy to capitalize property and equipment with a cost of over \$1,000 with an estimated useful life in excess of one year. Lesser amounts are expensed. Property and equipment is valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation of fixed assets other than land and construction in process is charged as an expense against operations. Depreciation of office equipment is computed on the straight-line method over the estimated useful lives of the assets, generally 5-7 years.

H. Accounting for Long-Lived Assets

The Port Authority reviews its long-term assets, including property and improvements, for impairment whenever events or change in circumstances indicate that the carrying amount of the assets may not be recoverable.

I. Subsequent Events

The Authority evaluated subsequent events through June 23, 2023, the date which the financial statements were available to be issued. The Port Authority did not have any subsequent events requiring disclosure or recording in the financial statements.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report, when applicable, a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, is a consumption of net assets by the government that applies to a future reporting period and so, will not be recognized as an expense/expenditure until then.

The next deferred inflows of resources are reported in the governmental and proprietary funds as deferred inflows related to leases. Deferred inflows related to leases are an aggregate of items related to leases calculated in accordance with GASB Statement No. 87, Leases. The deferred inflows related to leases will be recognized as a reduction to lease revenue in future reporting years. Details on the composition of the deferred inflows related to leases are discussed further in the lessor footnote.

The final deferred inflows of resources arise only under the modified accrual basis of accounting. The unavailable revenue amounts are deferred as of the balance sheet date because they were not collected within the County's period of availability. The deferred amounts will be recognized as an inflow of resources in the period that the amounts become available.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Implementation of Governmental Accounting Standards Statements

The Port implemented the following GASB Statements during the fiscal year ended September 30, 2022:

- 1) Statement No. 84, “Fiduciary Activities.” This Statement establishes criteria for accounting and financial reporting of fiduciary activities.
- 2) Statement No. 90, “Majority Equity Interests”. This Statement improves the consistency and comparability of reporting a majority equity interest and improves the relevance of financial statement information for certain component units.
- 3) Statement No. 98, “The Annual Comprehensive Financial Report.” This statement establishes the term annual comprehensive financial report (ACFR); replacing the term comprehensive annual financial report.

L. Leases

In June 2017, the Governmental Accounting Standards Board (GASB) issued No. 87, Leases to better meet the information needs of financial statement users, by improving accounting and financial reporting for leases by governments. GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction. Leases that do not convey a right of control over nonfinancial assets, (land, buildings, vehicles, equipment), are not considered leases under GASB 87, (i.e. intangible assets, biological assets, inventory, service concessions, and supply contracts). Leases between County entities, leases without stated ending dates, and leases for nominal amounts are also not considered leases under GASB 87. Lease assets and lease receivables are not recorded for short-term leases, (12 months or less), and certain regulated leases. The County implemented GASB Statement No. 87 as of October 1, 2021. In accordance with GASB Statement No. 87, lease assets were recorded based on the present value of future lease payments as of the implementation date.

Lessor: The County is a lessor for noncancellable leases of various land and buildings. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key estimates and judgments include how the County determines: (1) the discount rate used to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease and any extension periods from options that are reasonably certain of being exercised. Lease receipts included in the measurement of the lease receivable is composed of minimum expected fixed payments from the lessee. The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

All cash resources of the Port Authority are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the Port Authority's funds are entirely collateralized throughout the fiscal year.

In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Investments

Florida Statutes, Section 218.415, authorizes the Port Authority to invest surplus funds in the following;

The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation act of 1969; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories; or direct obligations of the United States Treasury.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risks

The credit risk of certain investments, such as investment pools managed by other outside parties, cannot be categorized as to credit risk because such investments are not evidenced by specific, identifiable investment securities. The Port Authority does not own these types of investments.

Interest Rate Risks

At September 30, 2022, the Port Authority did not hold any investments that were considered to be an interest rate risk.

Custodial Risks

At September 30, 2022, the Port Authority did not hold any deposits or investments that were considered to be a custodial risk.

Concentration of Credit Risk

At September 30, 2022, the Port Authority did not hold any investments that were considered to be a concentration of credit risk.

NOTE 3 – NOTES PAYABLE

Gulf County Note Payable

On May 2011 the County entered into a mortgage agreement with the Port St. Joe Port Authority whereby the County made a loan in the amount of \$199,000 which is secured by real estate. In 2014 the County refinanced the debt advancing another \$60,000 plus accrued interest and loan costs to the Authority, with another \$60,000 advance in 2015, securing debt with a mortgage on real estate. The loan is to be repaid over a ten year period and has an annual interest rate of 3%. No payments will be made for the first two years. Thereafter a sum of \$10,000 per year will be paid on the outstanding balance with the first payment due on August 21, 2017. The note will balloon on July 21, 2024 at which time all accrued interest and remaining balance will be due.

During a prior year the County has removed the interest requirement and all payments will now be considered as principle payments.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 3 – NOTES PAYABLE (continued)

City of Port St. Joe Note Payable

On May 9, 2016 the Authority entered into a mortgage agreement with the City of Port St. Joe whereby the City made a loan in the amount of \$201,402 which is secured by real estate. The loan is to be repaid over a five year period and has an annual interest rate of 3%. The loan was for the purpose of paying the settlement expense involving the property foreclosure in a prior year.

The first payment on the loan was due May 9, 2019 with subsequent monthly interest payment of \$504 with the final payment being due on May 9, 2021 in the amount of \$229,032.

During the 2020 the County removed the interest requirement and all payments will now be considered as principle payments. During the 2021 year, the city extended the due date until May 21, 2024.

The Authority failed to make the final payment to the City per their agreement and the loan is in default. The Authority has continued to make the monthly \$504 payment as of the release date of the financials.

Long-term obligations and debt at September 30, 2022, are as follows:

	<u>Balance September 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities					
Gulf County Note Payable	\$ 269,000	\$ —	\$ (10,000)	\$ 259,000	\$ 10,000
City of Port St. Joe Note Payable	<u>188,277</u>	<u>—</u>	<u>(4,532)</u>	<u>183,745</u>	<u>6,042</u>
Total governmental activities					
Long-term obligations	<u>\$ 457,277</u>	<u>\$ —</u>	<u>\$ (14,532)</u>	<u>\$ 442,745</u>	<u>\$ 16,042</u>

Future debt service requirements for the governmental funds:

	<u>Gulf County</u>		<u>City of Port St. Joe</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 10,000	\$ —	\$ 6,042	\$ —	\$ 16,042	\$ —
2024	<u>249,000</u>	<u>—</u>	<u>177,703</u>	<u>—</u>	<u>426,703</u>	<u>—</u>
	<u>259,000</u>	<u>—</u>	<u>183,745</u>	<u>—</u>	<u>442,745</u>	<u>—</u>

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS

The Port Authority pays no post employment benefits.

NOTE 5 – CONTINGENCIES

The Port Authority has received in the past, grants that are subject to special compliance audits by the grantor agency, which may result in disallowed expense amounts. These amounts constitute a contingent liability of the Port Authority. The Port Authority does not believe any contingent liabilities to be material.

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land and improvements	\$ 1,310,000	\$ —	\$ —	\$ 1,310,000
Construction in progress	828,911	2,928	(78,038)	753,801
Total Capital Assets not being Depreciated	<u>2,138,911</u>	<u>2,928</u>	<u>(78,038)</u>	<u>2,063,801</u>
Other Capital Assets				
Equipment	4,933	—	—	4,933
Improvements	—	78,038	—	78,038
Total Other Capital Assets at Historical Cost	<u>4,933</u>	<u>78,038</u>	<u>—</u>	<u>82,971</u>
Less Accumulated Depreciation for:				
Equipment	(4,933)	(7,804)	—	(12,737)
Total Accumulated Depreciation	<u>(4,933)</u>	<u>(7,804)</u>	<u>—</u>	<u>(12,737)</u>
Other Capital Assets, net	—	—	—	—
Capital Assets, net	<u>\$ 2,138,911</u>	<u>\$ 73,162</u>	<u>\$ (78,038)</u>	<u>\$ 2,134,035</u>

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 7 – JOINT PARTICIPATION AGREEMENT AND CONSTRUCTION IN PROGRESS

On November 10, 2015 the Authority entered into a Joint Participation Agreement with the State of Florida Department of Transportation for Dredging Spoil Area. The estimated cost of the project is \$1,000,000 with The Department of Transportation providing 100% of the total cost.

Upon execution, The Department of Transportation made \$753,800 available for task #1 of the project, Spoil Area Design. Other funds will be released with consultation and confirmation from The Florida Department of Transportation.

The Authority released a work order to Hatch Mott Macdonald Florida LLC to provide engineering services described in Task #1 of the Agreement. As of September 30, 2022, task #1 had been completed.

This agreement is part of a larger project wherein the St. Joseph Bay area will be dredged with a total project cost estimated at \$54.8 million. The larger project will only occur if financing of the remaining project costs can be located

NOTE 8 – LEASE ACCOUNTING

LESSOR

The County leases its real property and structures to others for various commercial, recreational, retail, and restaurant purposes. The terms of these noncancelable leases include the noncancelable period per the contract plus/minus any extension options or termination options the County is reasonably certain to exercise.

Governmental activities lease receivables are held primarily by nonmajor governmental funds. In fiscal year 2022, the County recognized an initial lease receivable of \$55,791, a decrease of \$4,465, for a lease receivable fiscal year ending balance of \$51,326.

The County recognized an initial deferred inflow of resources for governmental activities of \$55,791 and a decrease of \$4,465 for a deferred inflow of resources fiscal year ending balance of \$51,326.

In addition, \$535 was recognized as governmental activities lease interest revenue.

NOTES TO THE FINANCIAL STATEMENTS

PORT ST. JOE PORT AUTHORITY

For the Year Ended September 30, 2022

NOTE 8 – LEASE ACCOUNTING (continued)

	<u>Balance</u> <u>10/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>09/30/2022</u>
<u>Governmental activities:</u>				
Lease Receivable:				
Land and Building	\$ 55,791	\$ -	\$ 4,465	\$ 51,326
Total Lease Receivable	<u>\$ 55,791</u>	<u>\$ -</u>	<u>\$ 4,465</u>	<u>\$ 51,326</u>

The following schedule presents by fiscal year, the future minimum principal and interest revenue to be received for governmental activities:

<u>Fiscal Year Ending Sept. 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 10,605	\$ 1,395	\$ 12,000
2024	\$ 10,928	\$ 1,072	\$ 12,000
2025	\$ 11,260	\$ 740	\$ 12,000
2026	\$ 11,603	\$ 397	\$ 12,000
2027	\$ 6,930	\$ 70	\$ 7,000

COMPLIANCE SECTION

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**INDEPENDENT AUDITORS' REPORT
ON INVESTMENT COMPLIANCE**

Board of Directors
Port St. Joe Port Authority
Port St. Joe, Florida

We have examined the Port St. Joe Port Authority, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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

Apalachicola, FL
June 23, 2023

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Board of Directors
Port St. Joe Port Authority
Port St. Joe, Florida

Report on Financial Statements

We have audited the financial statements of the Port St. Joe Port Authority, Florida as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 23, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 23, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings:

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

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 statement. The Port St. Joe Port Authority was established in 1955, under a Special Act Florida Statutes 1955 Chapter 30787, and amended in 1978 under Chapter 514. There are no component units.

Financial Condition

Section 10.554(1)(i)5.a., and 10.556(7), Rules of the Auditor General requires that we apply appropriate procedure and report the results of our determination as to whether or not the Port St. Joe Port Authority 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 Port St. Joe Port Authority was not in a state of financial emergency, as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b and 10.556(8), Rules of the Auditor General, we apply financial condition assessment procedures. It is management's responsibility to monitor the Port St. Joe Port Authority'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.

Other Matters

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

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

Purpose of this Letter

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

Apalachicola, FL
June 23, 2023

Vance CPA LLC

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**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**

Board of Directors
Port St. Joe Port Authority
Port St. Joe, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the Port St. Joe Port Authority, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Port St. Joe Port Authority, Florida's basic financial statements, and have issued our report thereon dated June 23, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port St. Joe Port Authority, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port St. Joe Port Authority, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port St. Joe Port Authority, Florida's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control limitations, during our audit we did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Apalachicola, FL
June 23, 2023

Vance CPA LLC

Vance CPA, LLC

**PORT ST. JOE PORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2022**

None Noted.