



Finance Committee Meeting
City Hall, Council Chambers
116 First Street, Neptune Beach, Florida 32266
Friday, January 16, 2026, 9:00 a.m.

Agenda

1. Call to Order
2. Finance Department:
 - a. FY23-24 Completed Audit p. 2
 - b. FY26 1st Quarter Financial Report p. 106
 - c. Water & Sewer Rates
 - d. Waste Pro CPI Increase p. 125
 - e. Ordinance No. 2026-01, Amends Finance Committee Regulations p. 135
3. Public Works Department: p. 138
 - a. Senate Bill 64 and Advanced Wastewater Treatment Regulatory Requirements
 - b. Enterprise Funds - Capital Improvement Plans
 - i. Water and Sewer
 - ii. Stormwater
4. Adjourn

Committee Members:

Chair: Councilor Brent Rogers
Lynda Padrta
Jerry Wetzel

***Council Members in attendance at the Committee Meeting may include:**

Mayor Cori Bylund
Vice Mayor Nia Livingston
Councilor Josh Messinger
Councilor Tim Horvath

In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statute, persons with disabilities needing special accommodation to participate in this meeting should contact the City Clerk's Office at least 48 hours prior to the meeting.

2024

City of Neptune Beach, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2024

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

CITY OF NEPTUNE BEACH, FLORIDA

SEPTEMBER 30, 2024

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

CITY OF NEPTUNE BEACH, FLORIDA

SEPTEMBER 30, 2024

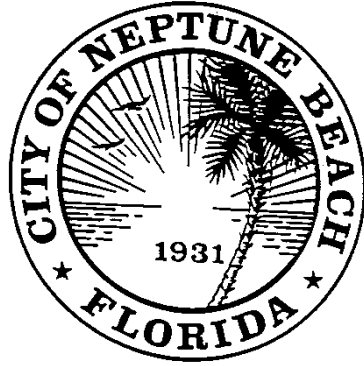
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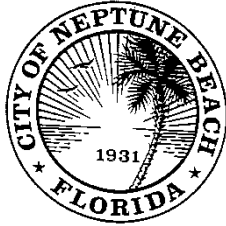
**Additional Elements of Report Prepared in Accordance
with *Government Auditing Standards*, Issued by the
Comptroller General of the United States; and the
*Rules of the Auditor General of the State of Florida***

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Introductory Section

Annual Financial Report



City of Neptune Beach, Florida

Principal Officials

(As of September 30, 2024)

Elected Officials

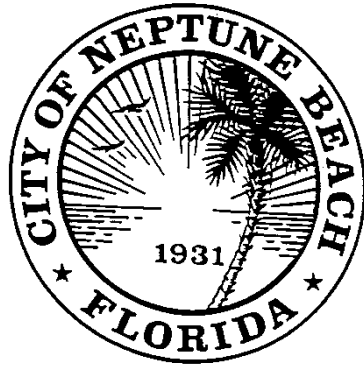
Elaine Brown - Mayor
Kerry Chin - Vice Mayor
Lauren Key - Councilor
Josh Messinger - Councilor
Nia Livingston - Councilor

City Council Appointed Officials

Richard J. Pike - City Manager
Zachary Roth - City Attorney
Catherine Ponson - City Clerk

Appointed by City Manager/Confirmed by City Council

Michael J. Key, Jr. - Director of Public Safety
Jaime Hernandez - Chief Financial Officer



Financial Section

Annual Financial Report

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neptune Beach, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

Restatement

As described in Note 14 to the financial statements, the City restated beginning equity to correct a misstatement of beginning fund balance in the general fund and to correct misstatements of beginning net position in the water and sewer fund, stormwater utility fund, paid parking fund, governmental activities, and business-type activities. Our opinion is not modified with respect to this matter.

CERTIFIED PUBLIC ACCOUNTANTS

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Members of American and Florida Institutes of Certified Public Accountants

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

INDEPENDENT AUDITOR'S REPORT

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 (RSI), 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 31, 2025, 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 the City's 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.

Purvis Gray

December 31, 2025
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Management's Discussion and Analysis

The purpose of the Management's Discussion and Analysis (MD&A) is to provide an objective and easily readable analysis of the government's financial activities, based on currently known facts, decisions, or conditions. The Governmental Accounting Standards Board (GASB) has clearly mandated that MD&A and other required supplementary information (RSI) accompany the separately issued basic financial statements of any financial reporting entity or component unit. The management of the City of Neptune Beach (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2024.

Financial Highlights

- At close of FY 2023-24, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$34,297,137 (net position). The net position of the City decreased by \$1,248,847.
- As of September 30, 2024, the City's governmental funds reported combined ending fund balances of \$8,729,739 an increase of \$1,083,083 in comparison with the prior year.
- As of September 30, 2024, the unassigned fund balance for the general fund was \$2,826,819 or 31.89% of total General Fund expenditures of \$8,865,311.
- General fund revenues decreased by \$2,395,551 or 24.39% when comparing FY23-24 \$7,424,312 to FY22-23 \$9,819,863.
- The City's outstanding notes payable and bonded debt decreased by \$280,000 or 15.38% during fiscal year 2024. This decrease was due to normal debt payments made during the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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.

In addition to the basic financial statements, this report contains other required supplementary information to benefit users in understanding financial results.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, by providing a similar format to a private-sector business.

Statement of Net Position (Balance Sheet) presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference 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 is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Statement of Activities (Income Statement) presents information showing how the City'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.

Both government-wide financial statements distinguish the functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture, and recreation. The business-type activities of the City include water and sewer, sanitation, stormwater, and paid parking. The government-wide financial statements can be found on pages 13 - 18 of this report.

Financial Fund 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, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 maintains thirteen individual governmental funds. Information is presented separately in the combined governmental fund balance sheet and the combined governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered a major fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all funds. Budgetary comparison schedules have been provided for all governmental funds to demonstrate compliance with the budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Proprietary Funds

The City maintains five proprietary or enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The City uses enterprise funds to account for its water & sewer fund, the sanitation fund, stormwater fund, paid parking fund, and one internal service fund providing information technology services to all departments and funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, the sanitation fund, stormwater fund, and the paid parking fund, which are considered major funds of the City. The basic proprietary fund financial statements can be found on pages 19 - 22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City (e.g., pension beneficiaries). Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary financial statements can be found on pages 23 - 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes for the financial statements can be found on pages 25 - 50 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide the Police Officers pension benefits and other postemployment benefits. Required supplementary information can be found on pages 51 - 58 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on the pension. Combining individual fund statements and schedules can be found on pages 59 - 72 of this report.

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, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$34,297,137 at the close of the fiscal year ended September 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

City of Neptune Beach's Net Position
September 30, 2024
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023 (Restated)	2024	2023 (Restated)	2024	2023 (Restated)
Assets						
Current and Other Assets	\$ 9,208	\$ 9,089	\$ 6,671	\$ 8,191	\$ 15,879	\$ 17,280
Capital Assets	6,687	7,097	16,543	16,435	23,230	23,532
Total Assets	15,895	16,186	23,214	24,626	39,109	40,812
Deferred Outflows	1,877	2,926	55	70	1,932	2,996
Liabilities						
Long Term Liabilities	940	1,147	1,216	1,305	2,156	2,452
Other Liabilities	2,342	3,297	1,598	1,834	3,940	5,131
Total Liabilities	3,282	4,444	2,814	3,139	6,096	7,583
Deferred Inflows	569	576	79	103	648	679
Net Position						
Net Investment in Capital Assets	6,459	6,782	14,937	14,615	21,396	21,397
Restricted	3,049	1,743	2,614	2,642	5,663	4,385
Unrestricted	4,413	5,567	2,825	4,197	7,238	9,764
Total Net Position	\$ 13,921	\$ 14,092	\$ 20,376	\$ 21,454	\$ 34,297	\$ 35,546

The largest portion of the City's net position, \$21,396,119 (62.38%) reflects its investment in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$5,662,402 (16.51%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of the net position, \$7,238,616 (21.11%), represents the unrestricted net position. At the end of the current fiscal year, the City can report positive balances in total net position, both for the whole government, as well as for its separate governmental and business-type activities. The 2024 governmental activities unrestricted net position balance decreased \$1,205,431 or 21.45% compared to the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Following is a summary of activities for the City during the fiscal years ended September 30, 2024, and 2023:

City of Neptune Beach's Change in Net Position
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023		2023		2023	
	2024	(Restated)	2024	(Restated)	2024	(Restated)
Revenues						
Program Revenues:						
Charges for Services	\$ 520	\$ 468	\$ 8,983	\$ 8,315	\$ 9,503	\$ 8,783
Operating Grant & Contribution	1,057	4,363	-	-	1,057	4,363
Capital Grant & Contribution	95	-	20	-	115	-
General Revenues:						
Property Taxes	4,073	3,686	-	-	4,073	3,686
Sales & Use Taxes	697	954	-	-	697	954
Franchise & Utility Taxes	732	642	-	-	732	642
Discretionary Sales & Surtax	243	689	-	-	243	689
State Revenue Sharing	708	271	-	-	708	271
Interest Revenue	21	41	77	-	98	41
Miscellaneous	188	331	-	-	188	331
Gain of Sale of Fixed Assets	70	-	-	-	70	-
Total Revenues	8,404	11,445	9,080	8,315	17,484	19,760
Expenditures/Expenses						
General Government	1,897	1,840	-	-	1,897	1,840
Public Safety	5,455	4,903	-	-	5,455	4,903
Public Works	1,428	1,220	-	-	1,428	1,220
Culture & Recreation	1,139	646	-	-	1,139	646
Interest on Long-Term Debt	2	3	-	-	2	3
Water & Sewer	-	-	4,971	3,940	4,971	3,940
Sanitation	-	-	2,215	1,562	2,215	1,562
Stormwaters	-	-	1,080	679	1,080	679
Paid Parking	-	-	546	615	546	615
Total Expenditures/Expenses	9,921	8,612	8,812	6,796	18,733	15,408
Net Increase (Decrease) in Net Assets						
Before Transfers	(1,517)	2,833	268	1,519	(1,249)	4,352
Transfers	1,346	225	(1,346)	(225)	-	-
Increase (Decrease) in Net Position	(171)	3,058	(1,078)	1,294	(1,249)	4,352
Net Position - Beginning	14,092	11,034	21,454	20,160	35,546	31,194
Total Net Position - Ending	\$ 13,921	\$ 14,092	\$ 20,376	\$ 21,454	\$ 34,297	\$ 35,546

Changes in Net Position

Governmental Activities

Governmental activities decreased the City's net position by \$171,550 accounting for a 1.22% decrease in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Business-Type Activities

Business-type activities decreased the City's net position by \$1,077,297, accounting for a 5.02% decrease in business-type activities' net position.

Overall Financial Position

The overall financial position of the City decreased by \$1,248,847, thereby accounting for a total decrease in net position of 3.51%. This was attributable to the explanations given above regarding the governmental and business-type activities.

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. 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. At the end of fiscal year 2024, the City's governmental funds reported combined ending fund balances of \$8,792,739, an increase of \$1,083,083 in comparison with the prior year. This increase is mostly attributed to the City not starting many Capital Improvement projects during fiscal year 2023-24.

The general fund is the chief operating fund of the City. At the end of fiscal year 2024, the unassigned fund balance of the general fund was \$2,826,819, representing 26.23% of the total general fund expenditures and transfers out. The fund balance of the City's general fund increased by \$540,150 or 9.02% during the current fiscal year.

Non-major governmental funds consisting of special revenue funds and a capital project fund have a combined fund balance of \$2,203,739. The net increase in fund balance during the current year in non-major governmental funds was \$542,933 or 32.69%.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position in the proprietary funds at the end of the year amounted to \$2,837,426.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to \$23,042,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and construction in progress. The City experienced a decrease in net capital investment assets for the current fiscal year of \$261,478 or 0.01%.

**City of Neptune Beach's Capital Assets
 (Net of Depreciation)
 (in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023		2023		2023	
	2024	(Restated)	2024	(Restated)	2024	(Restated)
Capital Assets Not Being Depreciated &						
Construction Work in Progress	\$ 38	\$ 58	\$ -	\$ -	\$ 38	\$ 58
Building and Other Improvements	5,729	5,756	15,476	15,172	21,205	20,928
Equipment	693	969	1,002	1,262	1,695	2,231
SBITAs	40	87	65	-	105	87
Total	\$ 6,500	\$ 6,870	\$ 16,543	\$ 16,434	\$ 23,043	\$ 23,304

Additional information on the City of Neptune Beach's capital assets can be found in Note 7 on page 39 of this report.

Long-Term Debt

At the end of fiscal year 2024, the City had total bonded debt outstanding of \$1,540,000. The City's debt represents a Water & Sewer Revenue Note.

**Total City of Neptune Beach's Outstanding Debt
 General Obligation, Revenue Bonds, and SRF Loans
 (In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
	Sewer Line Loan	\$ -	\$ -	\$ 1,540	\$ 1,820	\$ 1,540
Total	\$ -	\$ -	\$ 1,540	\$ 1,820	\$ 1,540	\$ 1,820

MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

The City’s total debt decreased by \$280,000 (15.38%) during the current fiscal year. This decrease was due to normal debt payments made during the fiscal year.

Under Florida Statutes, no debt limit margin is placed on local governments.

Additional information on the City’s long-term debt can be found in Note 8 on page 40 of this report.

Economic Factors and Next Year’s Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational license, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one time) grants from both state and federal governments.

Other Economic Factors:

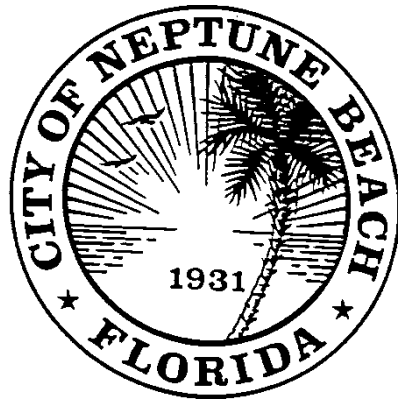
- The unemployment rate for the municipal service area increased an average of 3.50% during the fiscal year, which compares favorably with the state’s average unemployment rate of 3%, and the national average unemployment rate of 4%.
- Inflationary trends in the region compare favorably to the state and national indices. Duval County average inflation rate was 3.4%, Florida average inflation rate was 2%, and nationwide average inflation rate was 2%.

Budget Highlights:

- The City adopted the ad valorem tax rate of 3.3656 mills for its millage this budget year. The City has maintained the same millage rate of 3.3656 mills since 2011.

Requests for Information

This financial report is designed to provide a general overview of the City of Neptune Beach’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Neptune Beach, Attention City Clerk, 116 First Street, Neptune Beach, Florida 32266.



Basic Financial Statements

Annual Financial Report

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 7,621,815	\$ 5,638,248	\$ 13,260,063
Equity in Pooled Investments	144,427	-	144,427
Accounts Receivable	-	961,517	961,517
Due from Other Governments	474,865	19,651	494,516
Current Portion of Leases Receivable	34,065	-	34,065
Internal Balances	932,430	(932,430)	-
Prepaid Expenses	26	-	26
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	-	983,788	983,788
Long-Term Portion of Leases Receivable	187,450	-	187,450
Capital Assets:			
Land	37,861	-	37,861
Buildings	6,223,969	3,456,223	9,680,192
Improvements Other Than Buildings	4,919,085	27,839,251	32,758,336
Equipment	4,558,684	6,325,495	10,884,179
SBITAs	134,704	83,643	218,347
(Accumulated Depreciation and Amortization)	(9,374,772)	(21,161,469)	(30,536,241)
Total Assets	<u>15,894,609</u>	<u>23,213,917</u>	<u>39,108,526</u>
Deferred Outflows of Resources			
Pension-Related	1,741,910	-	1,741,910
OPEB-Related	135,355	55,864	191,219
Total Deferred Outflows of Resources	<u>1,877,265</u>	<u>55,864</u>	<u>1,933,129</u>
Liabilities			
Accounts Payable and Accrued Liabilities	340,411	546,613	887,024
Unearned Revenue	13,427	-	13,427
Deposits	25,303	-	25,303
Due to Other Governments	32,397	-	32,397
Current Portion of SBITAs Payable	40,802	27,571	68,373
Compensated Absences - Current	326,096	70,948	397,044
Payable from Restricted Assets:			
Deposits	-	255,129	255,129
Accrued Interest Payable	-	26,019	26,019
Current Portion of Loans Payable	-	290,000	290,000
Non-Current Liabilities:			
Compensated Absences - Non-Current	205,401	68,021	273,422
SBITAs Payable Long-Term	-	38,182	38,182
Loans Payable Long-Term	-	1,250,000	1,250,000
OPEB Liability	552,332	241,807	794,139
Net Pension Liability	1,745,457	-	1,745,457
Total Liabilities	<u>3,281,626</u>	<u>2,814,290</u>	<u>6,095,916</u>
Deferred Inflows of Resources			
Pension-Related	197,823	-	197,823
OPEB-Related	195,385	79,118	274,503
Leases-Related	176,276	-	176,276
Total Deferred Inflows of Resources	<u>569,484</u>	<u>79,118</u>	<u>648,602</u>
Net Position			
Net Investment in Capital Assets	6,458,729	14,937,390	21,396,119
Restricted for:			
Capital Projects	2,729,485	-	2,729,485
Debt Service	-	515,803	515,803
Renewal and Replacement	-	212,856	212,856
Other Purposes	319,118	1,885,140	2,204,258
Unrestricted	4,413,432	2,825,184	7,238,616
Total Net Position	<u>\$ 13,920,764</u>	<u>\$ 20,376,373</u>	<u>\$ 34,297,137</u>

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 1,896,763	\$ 386,585	\$ -	\$ -	\$ (1,510,178)	\$ -	\$ (1,510,178)
Public Safety	5,454,945	97,102	202,951	45,434	(5,109,458)	-	(5,109,458)
Public Works	1,427,949	-	488,079	-	(939,870)	-	(939,870)
Culture and Recreation	1,139,239	36,445	366,355	49,645	(686,794)	-	(686,794)
Interest on Long-Term Debt	2,167	-	-	-	(2,167)	-	(2,167)
Total Governmental Activities	9,921,063	520,132	1,057,385	95,079	(8,248,467)	-	(8,248,467)
Business-Type Activities:							
Water and Sewer	4,971,321	4,821,093	-	19,651	-	(130,577)	(130,577)
Sanitation	2,214,549	2,084,130	-	-	-	(130,419)	(130,419)
Storm Water Utility	1,079,888	1,224,258	-	-	-	144,370	144,370
Parking	545,830	853,676	-	-	-	307,846	307,846
Total Business-Type Activities	8,811,588	8,983,157	-	19,651	-	191,220	191,220
Total Primary Government	\$ 18,732,651	\$ 9,503,289	\$ 1,057,385	\$ 114,730	(8,248,467)	191,220	(8,057,247)
		General Revenues					
		Taxes:					
		Property Taxes			4,072,638	-	4,072,638
		Sales and Use Taxes			696,700	-	696,700
		Franchise and Utility Taxes			731,545	-	731,545
		State Revenue Sharing			242,704	-	242,704
		Discretionary Sales Surtax			707,780	-	707,780
		Interest Revenue			20,763	77,398	98,161
		Miscellaneous			188,504	-	188,504
		Gain of Sale of Fixed Assets			70,368	-	70,368
		Transfers			1,345,915	(1,345,915)	-
		Total General Revenues and Transfers			8,076,917	(1,268,517)	6,808,400
		Change in Net Position			(171,550)	(1,077,297)	(1,248,847)
		Net Position, Beginning of Year			14,127,422	21,315,368	35,442,790
		Prior Period Adjustment			(35,108)	138,302	103,194
		Net Position, Beginning of Year (Restated)			14,092,314	21,453,670	35,545,984
		Net Position, End of Year			\$ 13,920,764	\$ 20,376,373	\$ 34,297,137

See accompanying notes.

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,953,765	\$ 2,668,050	\$ 7,621,815
Equity in Pooled Investments	144,427	-	144,427
Due from Other Governments	353,465	121,400	474,865
Current Portion of Leases Receivable	34,065	-	34,065
Due from Other Funds	17,852	-	17,852
Prepaid Expense	-	26	26
Advances to Other Funds	1,444,478	-	1,444,478
Long-Term Portion of Leases Receivable	187,450	-	187,450
Total Assets	<u>7,135,502</u>	<u>2,789,476</u>	<u>9,924,978</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Liabilities	306,597	33,814	340,411
Due to Other Governments	32,397	-	32,397
Due to Other Funds	-	17,852	17,852
Unearned Revenue	13,427	-	13,427
Advances From Other Funds	-	534,071	534,071
Deposits	25,303	-	25,303
Total Liabilities	<u>377,724</u>	<u>585,737</u>	<u>963,461</u>
Deferred Inflows of Resources			
Leases	176,276	-	176,276
Unavailable Resources	55,502	-	55,502
Total Deferred Inflows of Resources	<u>231,778</u>	<u>-</u>	<u>231,778</u>
Fund Balances			
Non-Spendable:			
Prepays	-	26	26
Advances to Other Funds	1,444,478	-	1,444,478
Restricted for:			
Public Safety	-	101,674	101,674
Capital Outlay	550,000	2,179,485	2,729,485
Other	-	217,444	217,444
Assigned:			
Community Development	-	272,456	272,456
Subsequent Year's Budget	1,704,703	-	1,704,703
Unassigned	2,826,819	(567,346)	2,259,473
Total Fund Balances	<u>6,526,000</u>	<u>2,203,739</u>	<u>8,729,739</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,135,502</u>	<u>\$ 2,789,476</u>	<u>\$ 9,924,978</u>

See accompanying notes.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Fund Balances - Total Governmental Funds	\$	8,729,739
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet:		
Capital Assets - Net		6,499,531
Certain pension and other postemployment benefits (OPEB) related amounts are being deferred and amortized over a period of years or are being deferred as contributions to the pension or OPEB plan made after the measurement date:		
Deferred Outflows Related to OPEB		135,355
Deferred Inflows Related to OPEB		(195,385)
Deferred Outflows Related to Pension		1,741,910
Deferred Inflows Related to Pension		(197,823)
Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		
		55,502
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
SBITAs		(40,802)
Net Pension (Asset) Liability		(1,745,457)
Postemployment Benefit Obligation		(552,332)
Compensated Absences		(531,497)
The cumulative pro-rata share of gains/losses in the Internal Service Fund attributable to governmental activities has been included in the allocation of costs to the governmental activities, resulting in an uncollected receivable from the business type activities.		
		22,023
Net Position of Governmental Activities	\$	13,920,764

See accompanying notes.

**STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 4,358,012	\$ 1,107,729	\$ 5,465,741
Charges for Services	43,884	36,445	80,329
Licenses and Permits	342,888	-	342,888
Franchise Fees	424,707	-	424,707
Intergovernmental	2,039,357	137,437	2,176,794
Fines and Forfeitures	46,510	50,405	96,915
Investment Income	20,763	-	20,763
Miscellaneous	148,191	140,546	288,737
Total Revenues	<u>7,424,312</u>	<u>1,472,562</u>	<u>8,896,874</u>
Expenditures			
Current:			
General Government	1,798,632	-	1,798,632
Public Safety	4,798,960	-	4,798,960
Public Works	1,113,349	109,216	1,222,565
Culture and Recreation	639,934	206,210	846,144
Capital Outlay	464,741	49,900	514,641
Debt Service:			
Principal	47,528	-	47,528
Interest	2,167	-	2,167
(Total Expenditures)	<u>(8,865,311)</u>	<u>(365,326)</u>	<u>(9,230,637)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,440,999)</u>	<u>1,107,236</u>	<u>(333,763)</u>
Other Financing Sources (Uses)			
Proceeds on Sale of Capital Assets	70,931	-	70,931
Transfers In	1,910,218	-	1,910,218
Transfers (Out)	-	(564,303)	(564,303)
Total Other Financing Sources (Uses)	<u>1,981,149</u>	<u>(564,303)</u>	<u>1,416,846</u>
Net Changes in Fund Balances	<u>540,150</u>	<u>542,933</u>	<u>1,083,083</u>
Fund Balances, Beginning of Year	6,185,559	1,660,806	7,846,365
Prior Period Adjustment	<u>(199,709)</u>	<u>-</u>	<u>(199,709)</u>
Fund Balances, Beginning of Year (Restated)	<u>5,985,850</u>	<u>1,660,806</u>	<u>7,646,656</u>
Fund Balances, End of Year	<u>\$ 6,526,000</u>	<u>\$ 2,203,739</u>	<u>\$ 8,729,739</u>

See accompanying notes.

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,083,083

Amounts Reported for Governmental Activities in the Statement of
Activities are Different Because:

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 as depreciation expense:

Expenditures for Capital Assets	\$ 514,078	
(Current Year Depreciation)	(884,555)	(370,477)

The changes in net pension liability and pension-related deferred
outflows and inflows of resources result in an adjustment to pension
expense in the Statement of Activities, but not in the governmental
fund statements. (326,374)

The changes in net OPEB obligation and OPEB related deferred
outflows and inflows of resources result in an adjustment to OPEB
expense in the Statement of Activities, but not in the governmental
fund statements. 29,866

Some revenues have been deferred in the governmental funds because they
were not available at year-end, but have been recognized in the
Statement of Activities. (563,644)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt consumes current financial resources of governmental funds.
Neither transaction, however, has any effect on net position.

Repayment of Principal		47,528
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Some expenses reported in the Statement of Activities do not require
use of current financial resources and, therefore, are not reported as
expenditures in the funds:

Change in Compensated Absences Payable		(93,555)
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The revenues and expenses of the Internal Service Funds are reported as a
component of proprietary funds and, accordingly, are not recognized in
the governmental funds. A portion of these net revenues and expenses
are recorded as governmental activities in the Statement of Activities.

22,023

Change in Net Position of Governmental Activities \$ (171,550)

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

	Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Fund
	Major Fund Water and Sewer	Major Fund Sanitation	Major Fund Stormwater Utility	Non-Major Fund Paid Parking	Total	
Assets						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 2,840,242	\$ -	\$ 2,726,949	\$ 36,716	\$ 5,603,907	\$ 34,341
Accounts Receivable, Net of Allowance	595,070	294,464	64,970	7,013	961,517	-
Due from Other Governments	19,651	-	-	-	19,651	-
Total Current Assets	3,454,963	294,464	2,791,919	43,729	6,585,075	34,341
Non-Current Assets:						
Equity in Pooled Restricted Cash and Cash Equivalents	983,788	-	-	-	983,788	-
Capital Assets:						
Buildings	3,456,223	-	-	-	3,456,223	-
Improvements Other Than Buildings	26,171,566	-	1,667,685	-	27,839,251	-
Equipment	4,833,764	301,456	1,022,009	168,266	6,325,495	-
SBITA	-	-	-	-	-	83,643
(Less Accumulated Depreciation)	(19,915,430)	(301,456)	(870,887)	(55,109)	(21,142,882)	(18,587)
Total Capital Assets	14,546,123	-	1,818,807	113,157	16,478,087	65,056
Total Non-Current Assets	15,529,911	-	1,818,807	113,157	17,461,875	65,056
Total Assets	18,984,874	294,464	4,610,726	156,886	24,046,950	99,397
Deferred Outflows of Resources						
OPEB-Related	43,452	5,606	2,671	4,135	55,864	-
Total Deferred Outflows of Resources	43,452	5,606	2,671	4,135	55,864	-

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

	Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Fund
	Major Fund Water and Sewer	Major Fund Sanitation	Major Fund Stormwater Utility	Non-Major Fund Paid Parking	Total	
Liabilities						
Current Liabilities Payable from Unrestricted Assets:						
Accounts Payable and Accrued Liabilities	\$ 247,542	\$ 178,534	\$ 43,766	\$ 52,211	\$ 522,053	\$ 24,560
Loans Payable - Current Portion	290,000	-	-	-	290,000	-
SBITAs Payable - Current Portion	-	-	-	-	-	27,571
Compensated Absences	38,674	-	32,274	-	70,948	-
Total Current Liabilities Payable from Unrestricted Assets	576,216	178,534	76,040	52,211	883,001	52,131
Current Liabilities Payable from Restricted Assets:						
Deposits	255,129	-	-	-	255,129	-
Accrued Interest Payable	26,019	-	-	-	26,019	-
Total Current Liabilities Payable from Restricted Assets	281,148	-	-	-	281,148	-
Non-Current Liabilities:						
Advances from Other Funds	-	910,407	-	-	910,407	-
Compensated Absences	37,078	-	30,943	-	68,021	-
Loans Payable	1,250,000	-	-	-	1,250,000	-
SBITAs Payable	-	-	-	-	-	38,182
OPEB	157,703	12,779	57,637	13,688	241,807	-
Total Non-Current Liabilities	1,444,781	923,186	88,580	13,688	2,470,235	38,182
Total Liabilities	2,302,145	1,101,720	164,620	65,899	3,634,384	90,313
Deferred Inflows of Resources						
OPEB-Related	54,870	5,617	10,626	8,005	79,118	-
Total Deferred Inflows of Resources	54,870	5,617	10,626	8,005	79,118	-
Net Position						
Net Investment in Capital Assets	13,006,123	-	1,818,807	113,157	14,938,087	(697)
Restricted for:						
Debt Service	515,803	-	-	-	515,803	-
Renewal and Replacement	212,856	-	-	-	212,856	-
Stormwater	-	-	1,885,140	-	1,885,140	-
Unrestricted	2,936,529	(807,267)	734,204	(26,040)	2,837,426	9,781
Total Net Position	\$ 16,671,311	\$ (807,267)	\$ 4,438,151	\$ 87,117	\$ 20,389,312	\$ 9,084

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Fund	
	Major Fund Water and Sewer		Major Fund Stormwater Utility		Non-Major Fund Paid Parking		Total
	Major Fund Sanitation						
Operating Revenues							
Charges for Services	\$ 4,773,306	\$ 2,084,130	\$ 1,224,258	\$ 848,599	\$ 8,930,293	\$ 519,699	
Connection Fees and Impact Fees	47,787	-	-	5,077	52,864	-	
Total Operating Revenues	4,821,093	2,084,130	1,224,258	853,676	8,983,157	519,699	
Operating Expenses							
Personal Services	1,807,971	130,359	744,901	119,073	2,802,304	209,528	
Utilities	241,326	-	-	3,639	244,965	-	
Supplies and Materials	547,164	3,714	31,201	47,013	629,092	143,171	
Contractual Services	606,000	2,014,785	150,889	59,203	2,830,877	88,256	
Depreciation and Amortization	963,072	-	99,219	13,008	1,075,299	18,587	
Repairs and Maintenance	412,373	2,057	22,105	5,770	442,305	-	
Insurance	2,687	-	805	24,134	27,626	2,083	
Communication IT Service Charges	129,292	66,503	32,716	16,888	245,399	-	
Other Operating	220,227	2,470	679	258,458	481,834	14,705	
(Total Operating Expenses)	(4,930,112)	(2,219,888)	(1,082,515)	(547,186)	(8,779,701)	(476,330)	
Operating Income (Loss)	(109,019)	(135,758)	141,743	306,490	203,456	43,369	
Non-Operating Revenues (Expenses)							
Intergovernmental Revenue	19,651	-	-	-	19,651	-	
Interest Revenue	76,450	-	-	948	77,398	-	
Interest/Amortization Expense	(51,590)	-	-	-	(51,590)	(1,643)	
Total Non-Operating Revenues (Expenses)	44,511	-	-	948	45,459	(1,643)	
Income (Loss) Before Operating Transfers	(64,508)	(135,758)	141,743	307,438	248,915	41,726	
Transfers							
Transfers (Out)	(491,683)	(325,749)	(236,460)	(259,381)	(1,313,273)	(32,642)	
Total Transfers	(491,683)	(325,749)	(236,460)	(259,381)	(1,313,273)	(32,642)	
Change in Net Position	(556,191)	(461,507)	(94,717)	48,057	(1,064,358)	9,084	
Total Net Position, Beginning of Year	17,052,801	(345,760)	4,582,275	26,052	21,315,368	-	
Prior Period Adjustment	174,701	-	(49,407)	13,008	138,302	-	
Net Position, Beginning of Year (Restated)	17,227,502	(345,760)	4,532,868	39,060	21,453,670	-	
Total Net Position, End of Year	\$ 16,671,311	\$ (807,267)	\$ 4,438,151	\$ 87,117	\$ 20,389,312	\$ 9,084	

See accompanying notes.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

	Business-Type Activities - Enterprise Funds					Business-Type Activities - Internal Service Fund
	Major Fund Water and Sewer	Major Fund Sanitation	Major Fund Stormwater Utility	Non-Major Fund Paid Parking	Total Enterprise Funds	
Cash Flows from Operating Activities						
Cash Received from Customers	\$ 4,788,789	\$ 1,918,328	\$ 1,220,767	\$ 857,030	\$ 8,784,914	\$ 519,699
Cash Paid to Suppliers	(2,302,533)	(2,036,457)	(293,339)	(434,863)	(5,067,192)	(223,655)
Cash Paid to Employees	(1,859,294)	(133,068)	(692,578)	(126,660)	(2,811,600)	(209,528)
Net Cash Provided by (Used in) Operating Activities	626,962	(251,197)	234,850	295,507	906,122	86,516
Cash Flows from Non-Capital Financing Activities						
Advances and Repayment from (to) Other Funds	-	576,946	-	(167,853)	409,093	-
Intergovernmental Revenues	19,651	-	-	-	19,651	-
Transfers from/(to) Other Funds	(491,683)	(325,749)	(236,460)	(259,381)	(1,313,273)	(32,642)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(472,032)	251,197	(236,460)	(427,234)	(884,529)	(32,642)
Cash Flows from Capital and Related Financing Activities						
Payments on Loans and Bonds	(280,000)	-	-	-	(280,000)	(17,890)
Interest Paid on Revenue Bonds	(56,280)	-	-	-	(56,280)	(1,643)
Proceeds from SBITA	-	-	-	-	-	83,643
Acquisition and Construction of Capital Assets	(1,032,484)	-	(86,710)	-	(1,119,194)	(83,643)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,368,764)	-	(86,710)	-	(1,455,474)	(19,533)
Cash Flows from Investing Activities						
Interest Received	76,450	-	-	948	77,398	-
Net Cash Provided by (Used in) Investing Activities	76,450	-	-	948	77,398	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,137,384)	-	(88,320)	(130,779)	(1,356,483)	34,341
Cash and Cash Equivalents, Beginning of Year	4,961,414	-	2,815,269	167,495	7,944,178	-
Cash and Cash Equivalents, End of Year	\$ 3,824,030	\$ -	\$ 2,726,949	\$ 36,716	\$ 6,587,695	\$ 34,341
Reconciliation of Cash and Cash Equivalents to Statement of Net Position						
Equity in Pooled Cash and Investments	\$ 2,840,242	\$ -	\$ 2,726,949	\$ 36,716	\$ 5,603,907	\$ 34,341
Restricted Equity in Pooled Cash and Investments	983,788	-	-	-	983,788	-
Total Cash and Cash Equivalents	\$ 3,824,030	\$ -	\$ 2,726,949	\$ 36,716	\$ 6,587,695	\$ 34,341
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating Income (Loss)	\$ (109,019)	\$ (135,758)	\$ 141,743	\$ 306,490	\$ 203,456	\$ 43,369
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Depreciation and Amortization	963,072	-	99,219	13,008	1,075,299	18,587
Changes in Assets - Decrease (Increase) and Liabilities - Increase (Decrease):						
Accounts Receivable	(47,463)	(165,802)	(3,491)	3,354	(213,402)	-
Due from Other Governments	(19,651)	-	-	-	(19,651)	-
Prepaid Expenses	-	-	-	-	-	-
Accounts Payable	(143,464)	53,072	(54,944)	(19,758)	(165,094)	24,560
Compensated Absences	(43,829)	-	35,681	-	(8,148)	-
Customer Deposits	34,810	-	-	-	34,810	-
Other Postemployment Benefits	(7,494)	(2,709)	16,642	(7,587)	(1,148)	-
Total Adjustments	735,981	(115,439)	93,107	(10,983)	702,666	43,147
Net Cash Provided by (Used in) Operating Activities	\$ 626,962	\$ (251,197)	\$ 234,850	\$ 295,507	\$ 906,122	\$ 86,516
Supplemental Disclosure of Non-Cash Activity						
Assets Acquired Under SBITAs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,643

See accompanying notes.

**STATEMENT OF NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

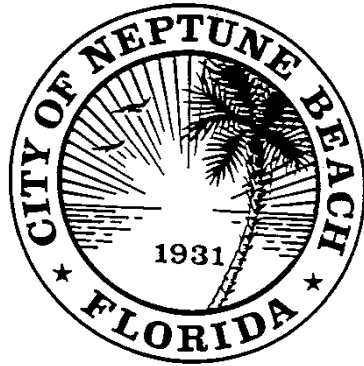
	<u>Police Officers' Plan</u>
Assets	
Cash and Short-Term Investments	\$ 142,593
Contributions Receivable	103,851
Accrued Interest Receivable	22,901
Investments:	
U.S. Government Obligations	1,159,434
Corporate Bonds	1,220,227
Electronically Traded Funds	1,304,932
Foreign Bonds	156,195
Mortgage-Backed Securities	86,142
Mutual Funds - Equity	5,720,015
Common Equity Securities	3,706,645
Total Investments	<u>13,353,590</u>
Prepaid Expenses	2,806
Total Assets	<u><u>13,625,741</u></u>
Liabilities	
Accounts Payable	<u>28,035</u>
Total Liabilities	<u><u>28,035</u></u>
Net Position	
Held in Trust for Pension Benefits	<u><u>\$ 13,597,706</u></u>

See accompanying notes.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	<u>Police Officers' Plan</u>
Additions	
Contributions:	
Employees	\$ 180,926
Employer	427,399
State of Florida	81,059
Total Contributions	<u>689,384</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	2,592,029
Interest and Dividends	317,618
Total Investment Earnings	<u>2,909,647</u>
(Less Investment Expense)	<u>(63,579)</u>
Net Investment Earnings	<u>2,846,068</u>
Total Additions	<u>3,535,452</u>
 Deductions	
Regular Benefit Payments	733,084
PLOP Benefits	48,424
Administrative Expenses	71,718
(Total Deductions)	<u>(853,226)</u>
 Change in Net Position	 2,682,226
 Net Position, Beginning of Year	 <u>10,915,480</u>
 Net Position, End of Year	 <u>\$ 13,597,706</u>

See accompanying notes.



Notes to Financial Statements

Annual Financial Report

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Note 1 - Summary of Significant Accounting Policies

The City of Neptune Beach, Florida (the City) was organized under Section 6 of Chapter 15356 Laws of Florida, 1931 and is currently governed as a municipal corporation under the Home Rule Charter of the City, adopted by Laws of Florida Chapter 88-481, effective October 1, 1988. The City operates under an elected mayor-council form of government under the administration of an appointed City Manager and provides the following services as authorized by its charter: Public Safety (Police, Fire, Animal Control, and Beach Patrol), Highways and Streets, Water and Sewer, Sanitation, Public Improvements, Planning, Development, and Zoning and General Administrative Services.

The financial statements of the City have been prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to governmental units. The more significant of the City's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable fund types governed by the City Council of the City (City Council), the reporting entity of government for which the City Council is considered to be financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. These criteria include appointing a majority of an organization's governing body and: (1) the ability of the City to impose its will on that organization; or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Other considerations are whether the organization is legally separate, whether the City holds the corporate powers of the organization, and whether there is fiscal dependency by the organization on the City. Based upon the application of these criteria, the City has no component units.

Basic Financial Statements

The government-wide and fund financial statements along with the notes to the financial statements comprise the basic financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with difference 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 is improving or deteriorating.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

The statement of activities demonstrates the degree to which direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 the 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 revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, other postemployment benefits (OPEB), pension benefits, and claims and judgments are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City has presented the following governmental funds:

■ **Major Governmental Fund Types**

The General Fund is the City's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

■ **Non-Major Governmental Fund Types**

- **Special Revenue Funds**—These funds account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes. Non-major special revenue funds include the Police Education Fund, Community Development Block Grant Fund, Convention Development Tax Fund, Forfeiture Proceeds Fund, Street Improvement Fund, Local Option Gas Tax Fund, Radio Communications Fund, Better Jacksonville Half-Cent Tax Fund, Holiday Décor Fund, Opioid Settlement Fund, and King Neptune Trust Fund.
- **Capital Projects Funds**—These funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds. The City has two non-major Capital Projects Fund.

■ **Proprietary Fund Types**

- **Enterprise Funds**—These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of operation income and changes in net position, financial position, and cash flow. All assets and liabilities are included on the statement of net position. The City has presented the following enterprise funds:
 - ▶ **Major Enterprise Funds**—The Water and Sewer Fund accounts for the activities of the City’s water distribution system, sewage treatment plant, sewage pumping stations, and collection systems. The Sanitation Fund accounts for the activities of the City’s sanitation and recycling services. The Stormwater Utility Fund accounts for the operation and maintenance of the stormwater system.
 - ▶ **Non-Major Enterprise Funds**—The Paid Parking Fund is used to account for the operation of the pay-for-parking program in the Beaches Town Center area.
- **Internal Service Fund**—The Internal Service Fund accounts for Information Technology services that are provided to the General, Community Development Block Grant, Water and Sewer, Sanitation, Stormwater Utility, and Paid Parking Funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations.

■ **Fiduciary Fund Types**

- **Police Officers’ Plan Fund**—This fund accounts for the activities of the Police Officers’ Retirement System Fund, which accumulates resources for pension and disability benefit payments to retired or disabled police.

■ **Fund Balance Classifications**

Fund Balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned:

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

- **Non-Spendable Fund Balance**—Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance**—Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance**—Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any purpose unless the City takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance**—Amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates authority.
- **Unassigned Fund Balance**—Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the City’s practice to use committed resources first, then assigned, and then unassigned as needed.

The City Council establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or other purposes).

Budgets and Budgetary Accounting

Annual appropriated budgets are adopted for the General Fund and the following non-major funds: Police Education, Community Development Block Grant, Convention Development Tax, Forfeiture Proceeds, Street Improvement, Local Option Gas Tax, Radio Communications, Better Jacksonville Half-Cent Tax, and Holiday Décor. The legally adopted budgets are prepared on a basis consistent with GAAP.

The legal level of budgetary control is at the department level. Special revenue funds are treated as departments for budgetary control purposes and are categorized into one function. With the approval of the City Manager, department heads can amend line item expenditures within a department or special revenue fund. Line item transfers must net to zero. All unencumbered appropriations lapse at fiscal year-end. Encumbered budget appropriations are carried forward into the next fiscal year’s budget.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

The adopted budgets are integrated into the accounting system. The City has elected to present budgetary comparison schedule data for all governmental funds with annual budgets. The budgetary comparison schedule compares expenditures with the final amended budget. All budgets are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules of the General, Special Revenue, and Capital Projects Funds present actual expenditures in accordance with the GAAP on a basis consistent with the legally adopted budgets as amended.

The individual accounts that comprise the Water and Sewer Fund, Sanitation Fund, Stormwater Utility Fund, and Paid Parking Fund have legally adopted annual budgets. Budget to actual comparisons for enterprise funds have not been presented in these financial statements as this is not required as part of the basic financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly-liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. The cash and cash equivalents presented on the statement of cash flows – proprietary funds are composed of restricted and unrestricted cash and cash equivalents. The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

Investments

The City has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415(17), Florida Statutes. The City may invest any surplus public funds in the following:

- a. The State Board of Administration Local Government Surplus Trust Funds (SBA Investment Pool), or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the United States Treasury.

Securities listed in points c. and d. shall be invested to provide sufficient liquidity to pay obligations as they come due.

The Local Government Surplus Funds Trust Fund was created by act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, Florida Statutes), which allowed the State Board of Administration (SBA) to establish an SBA Investment Pool. The SBA administers and provides regulatory oversight over Florida PRIME. The City’s investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. Separate financial reports for the SBA Investment Pool can be obtained from the Florida SBA, 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Investments within the Police Officers’ Plan Fund made through financial brokers are held with trustees and are stated at fair value as determined in an active market. All foreign securities held by the pension plan are traded in U.S. Dollars.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

For the investment policy governing the police retirement pension plan, the City is authorized to invest in the following:

- a. Equities traded on the national exchange or electric network. Not more than 5% of Plan's assets, at the time of purchase, shall be invested in common stock, capital stock, or convertible stock of anyone issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- b. Fixed income investments that have a minimum rating of "A" or higher as reported by a major credit rating service; except no more than 10% of the total portfolio may be invested in securities that fall below these rating guidelines but must be rated "investment grade" or higher as reported by a major credit rating service. The value of bonds issued by a single corporation shall not exceed 10% of the total fund.
- c. Money market funds or short-term investment fund options provided by the Plan's custodian and have a minimum rating of Standards & Poor's "A1" or Moody's "P1".

Receivable and Interfund Obligations

Receivables consist of trade receivables, amounts due from other governments, and interest receivable and are recorded net of allowance for doubtful accounts. The City, as of September 30, 2024, has provided an allowance for doubtful accounts due to aged receivables in the proprietary funds that the City has reason to believe will not be collected.

The unbilled portion of Water and Sewer, Sanitation, and Stormwater Utility earned revenues accrued at year-end is based upon a proration of the October billing cycle.

Outstanding balances between funds at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents set aside for debt service payments, reserve requirements, renewal and replacement expenditures, construction, and repayment of deposits to utility customers.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Where cost could not be determined from the available records, estimated historical costs were used to record the estimated value of the assets. Assets acquired by gift or bequests are recorded at their fair market value at the date of donation.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

General infrastructure assets acquired prior to October 1, 2002, are not reported in the basic financial statements.

General infrastructure assets acquired subsequent to October 1, 2002, are included in the basic financial statements.

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

Assets	Years
Buildings	20-40
Improvements Other Than Buildings	10-40
Infrastructure	10-40
Equipment	5-20

Unearned Revenue

Governmental funds and business-type funds defer revenue recognition in connection with resources that have been received, but not yet earned.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium or discount. Bond issuance costs are expensed when incurred, with the exception of bond insurance, which is amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Compensated Absences

City employees are entitled to certain compensated absences (personal leave) based on their length of employment. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported.

Pension Plans

The City’s defined benefit plan investments are recorded at market value, and it is the City’s policy to record pension costs in the period salaries are earned.

General employees are enrolled in a defined contribution 401(a) pension plan. The assets, liabilities, fund equity, and operations of this plan are not presented on the City’s financial statements as the plan is independently administered.

Net Position

Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Property Taxes

The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of the City of Jacksonville, Florida. General property taxes are recorded when received in cash, which approximates taxes levied, less discounts, for the current fiscal year.

Details of the tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Installment Payments:	
1 st Installment	No Later than June 30 th
2 nd Installment	No Later than September 30 th
3 rd Installment	No Later than December 31 st
4 th Installment	No Later than March 31 st
Regular Payments:	
Discount Periods	November – February
No Discount Period	March
Delinquent Date	April 1 st

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases

When the City is a lessee, the City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

When the City is a lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and enterprise fund financial statements. At the commencements of a lease, the City 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 the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset, receivable, liability, and/or deferred inflows of resources if certain changes occur that are expected to significantly affect the lease amounts.

SBITAs

The City recognizes a Subscription-Based Information Technology Arrangement (SBITA) liability and an intangible right-to-use subscription asset in the government-wide financial statements. At the commencement of the arrangement, the City initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Note 2 - Cash Deposits and Investments

The City maintains a cash and investment pool for all funds. Each fund’s portion of this pool is included in the balance sheet account “equity in pooled cash and cash equivalents.” Interest earnings are allocated in accordance with the participating fund’s relative percentage of investments.

At September 30, 2024, the cash deposits and investments included the following:

Investments Controlled by City:	
SBA Investment Pool	\$ 22,527
Certificate of Deposit	121,900
Total Investments Controlled by City	144,427
Cash:	
Cash Deposits	13,257,463
Restricted Cash	983,788
Cash on Hand	2,600
Total Cash	14,243,851
Total Cash and Investments	\$ 14,388,278

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

All of the City’s deposits are insured by the Federal Deposit Insurance Corporation or collateralized in accordance with the *Florida Security for Public Deposits Act* (the Act). Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

Restricted Cash

Restricted cash in the proprietary funds at September 30, 2024, represent monies required to be restricted for debt service and construction under terms of outstanding bond agreements, and impact fees restricted to water and sewer system uses. Restricted cash for the proprietary funds at September 30, 2024, were restricted for the following purposes:

Proprietary Funds	
Debt Service	\$ 515,803
Customer Deposits	255,129
Impact Fees	212,856
Total Cash and Investments	\$ 983,788

Risk

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. Credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk are discussed in the following paragraphs.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City, including the Police Officers’ Plan Fund, has an investment policy that states that all fixed income investments shall have a minimum rating of “A” or higher as reported by the major credit rating services at the time of purchase, except that no more than 10% of the total portfolio may be invested in securities that fall below these rating guidelines but must be rated “investment grade” or higher as reported by the major credit rating services. The Plan’s rated debt instruments are presented in the table below using Standard & Poor’s rating scale.

	Quality Ratings										
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Unrated
Investments Controlled by the City											
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,900
SBA Investment Pool	-	-	-	-	-	-	-	-	-	-	22,527
Total Investments Controlled by the City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,427
Pension Plan Investments											
U.S. Government and Federal Agency Securities	\$ -	\$ 1,159,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	-	-	-	-	69,361	39,410	486,154	446,169	72,654	39,553	66,926
ETF - Fixed Income	-	-	-	-	-	-	-	-	-	-	1,304,932
Foreign Bonds	-	-	-	-	-	-	78,503	77,692	-	-	-
Mortgage-Backed Securities	-	-	-	-	-	-	-	-	-	-	86,142
Mutual Funds - Equity	-	-	-	-	-	-	-	-	-	-	5,720,015
Common Equity Securities	-	-	-	-	-	-	-	-	-	-	3,706,645
Total Pension Plan Investments	\$ -	\$ 1,159,434	\$ -	\$ -	\$ 69,361	\$ 39,410	\$ 564,657	\$ 523,861	\$ 72,654	\$ 39,553	\$ 10,884,660

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
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Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of a counterparty, the City will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

At September 30, 2024, Police Officers' Plan Fund investments were uninsured, and collateral was held by the pledging bank's trust department and was not in the City's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Investments issued or explicitly guaranteed by the United States government and investments in external investment pools are excluded from the disclosure requirement.

The City's Police Officers' Plan Fund had no single investments of more than 5% of the total net assets of the plan at September 30, 2024.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. All foreign securities held by the pension plan are traded in U.S. dollars.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by the pension trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Investments Controlled by the City					
Certificates of Deposit	\$ 121,900	\$ 121,900	\$ -	\$ -	\$ -
SBA Investment Pool	22,527	22,527	-	-	-
Total Investments Controlled by the City	\$ 144,427	\$ 144,427	\$ -	\$ -	\$ -
Pension Plan Investments					
U.S. Government and Agency Securities	\$ 1,159,434	\$ -	\$ 654,808	\$ 504,626	\$ -
Corporate Bonds	1,220,227	-	924,354	295,873	-
ETF - Fixed Income	1,304,932	1,304,932	-	-	-
Foreign Bonds	156,195	-	77,692	78,503	-
Mortgage-Backed Securities	86,142	-	489	85,653	-
Mutual Funds - Equity	5,720,015	5,720,015	-	-	-
Common Equity Securities	3,706,645	3,706,645	-	-	-
Total Pension Plan Investments	\$ 13,353,590	\$ 10,731,592	\$ 1,657,343	\$ 964,655	\$ -

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Fair Value Measurements

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs**—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The Plan’s investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value in the hierarchy described above. The fair value measurements for the Plan’s operating investments are as follows at September 30, 2024:

Investments at Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fiduciary Funds:				
U.S. Government Obligations and Federal Agency Securities	\$ 1,159,434	\$ -	\$ 1,159,434	\$ -
Corporate Bonds	1,220,227	-	1,220,227	-
ETF - Fixed Income	1,304,932	1,304,932	-	-
Foreign Bonds	156,195	-	156,195	-
Mortgage-Backed Securities	86,142	-	86,142	-
Mutual Funds - Equity	5,720,015	5,720,015	-	-
Common Equity Securities	3,706,645	3,706,645	-	-
Total Investments Measured at Fair Value	\$ 13,353,590	\$ 10,731,592	\$ 2,621,998	\$ -

Equities and U.S. Government Securities are valued based on prices quoted in active markets and are categorized as Level 1 in the fair value hierarchy. Federal Agency Securities are valued using matrix pricing techniques that value securities based on their relationship to benchmark quoted prices. Corporate bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Note 3 - Receivables

Receivables at September 30, 2024, consist of the following:

	General Fund	Water and Sewer Fund	Sani- tation Fund	Storm- Water Utility Fund	Police Officers' Plan Fund	Non- Major/ Other Funds	Total Funds
Receivables							
Interest	\$ -	\$ -	\$ -	\$ -	\$ 22,901	\$ -	\$ 22,901
Accounts Receivable	-	700,082	346,428	72,189	103,851	7,013	1,229,563
Intergovernmental	353,465	19,651	-	-	-	121,400	494,516
Gross Receivables	353,465	719,733	346,428	72,189	126,752	128,413	1,746,980
Allowance	-	(105,012)	(51,964)	(7,219)	-	-	(164,195)
Net Receivables	<u>\$ 353,465</u>	<u>\$ 614,721</u>	<u>\$ 294,464</u>	<u>\$ 64,970</u>	<u>\$ 126,752</u>	<u>\$ 128,413</u>	<u>\$ 1,582,785</u>

Included in accounts receivable are \$604,397 earned but not billed as of September 30, 2024.

Note 4 - Interfund Transactions

Interfund receivables/payables represent temporary loans to cover other funds' deficits in pooled cash and investments. At September 30, 2024, the City had the following due to/from other funds:

	Due from Other Funds	Due to Other Funds
Receivables		
General Fund	\$ 1,462,330	\$ -
Non-Major Governmental Funds	-	551,923
Sanitation Fund	-	910,407
Net Receivables	<u>\$ 1,462,330</u>	<u>\$ 1,462,330</u>

Transfers from a fund of resources to the fund through which resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds.

Following is a summary of interfund transfers for the year ended September 30, 2024:

	Transfers Out				Total Funds
	Water/Sewer Fund	Sanitation Funds	Stormwater Funds	Non-Major Funds	
Transfers In					
General Fund	\$ 491,683	\$ 325,749	\$ 236,460	\$ 856,326	\$ 1,910,218
Total Transfers In	<u>\$ 491,683</u>	<u>\$ 325,749</u>	<u>\$ 236,460</u>	<u>\$ 856,326</u>	<u>\$ 1,910,218</u>

Transfers in (out) during the fiscal year 2024, are as follows:

- \$491,683 was transferred from the Water and Sewer Fund to the General Fund to support the governmental activities.
- \$325,749 was transferred from the Sanitation Fund to the General Fund to support the governmental activities.
- \$236,460 was transferred from the Stormwater Fund to the General Fund to support the governmental activities.
- \$856,326 was transferred from Non-Major Funds to the General Fund to support the governmental activities.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Note 5 - Leases

The City has two reportable lease receivables related to antenna lease agreements executed between 2005 and 2007. The lease terms each include an initial 5-year period, with several 5-year renewal periods ending between 2027 and 2030. Monthly payments range between \$2,807 and \$3,453 over the terms of the leases, with both of the leases also including different 36-month periods of no payments to make up for prior overpayments. The discount rate is 3.25% for both leases. The City recognized \$27,191 in lease revenue and \$7,683 of interest revenue during the fiscal year related to these leases. On September 30, 2024, the City's receivable for lease payments was \$221,515, which was reported in the City's general fund. The City also has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was \$176,276.

Note 6 - Subscription-Based Information Technology Arrangements

The City has two reportable SBITAs, one related to an Enterprise Resource Planning (ERP) solutions executed in 2020 and the other related to a Geographic Information System (GIS). The initial term for the ERP is 5 years, with monthly payments of \$4,141 and a discount rate of 3.25%. After the initial term, the arrangement will continue to automatically renew for 1-year periods until either party terminates the arrangement. The GIS agreement term is 3 years, with monthly payments of \$2,442 and a discount rate of 3.25%.

The following tables summarize the principal and interest requirements for the remaining term of the arrangement:

Governmental Activities			
Fiscal Year Ending September 30,	Principal Payments	Interest Payments	Total Payments
2025	\$ 40,802	\$ 610	\$ 41,412
2026	-	-	-
2027	-	-	-
Total Governmental	\$ 40,802	\$ 610	\$ 41,412

Business-Type Activities			
Fiscal Year Ending September 30,	Principal Payments	Interest Payments	Total Payments
2025	\$ 27,571	\$ 1,729	\$ 29,300
2026	28,481	819	29,300
2027	9,701	66	9,767
Total Governmental	\$ 65,753	\$ 2,614	\$ 68,367

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

Note 7 - Capital Assets

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

	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 37,861	\$ -	\$ -	\$ 37,861
Construction in Process	20,486	-	(20,486)	-
Total Capital Assets, Not Being Depreciated	<u>58,347</u>	<u>-</u>	<u>(20,486)</u>	<u>37,861</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	5,900,870	323,099	-	6,223,969
Improvements Other Than Buildings	4,867,955	51,130	-	4,919,085
Equipment	4,398,349	160,335	-	4,558,684
SBITAs	134,704	-	-	134,704
Total Capital Assets Being Depreciated	<u>15,301,878</u>	<u>534,564</u>	<u>-</u>	<u>15,836,442</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,573,638)	(215,005)	-	(2,788,643)
Improvements Other Than Buildings	(2,439,258)	(186,450)	-	(2,625,708)
Equipment	(3,429,778)	(435,557)	-	(3,865,335)
SBITAs	(47,543)	(47,543)	-	(95,086)
Total Accumulated Depreciation	<u>(8,490,217)</u>	<u>(884,555)</u>	<u>-</u>	<u>(9,374,772)</u>
Total Capital Assets Being Depreciated	<u>6,811,661</u>	<u>(349,991)</u>	<u>-</u>	<u>6,461,670</u>
Total Governmental Activities, Capital Assets, Net	<u>\$ 6,870,008</u>	<u>\$ (349,991)</u>	<u>\$ (20,486)</u>	<u>\$ 6,499,531</u>
	Balance October 1, 2023	Increases	Decreases	Balance September 30, 2024
Business-Type Activities				
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 3,456,223	\$ -	\$ -	\$ 3,456,223
Improvements Other Than Buildings	26,758,661	1,080,590	-	27,839,251
Equipment	6,286,843	38,652	-	6,325,495
SBITAs	-	83,643	-	83,643
Total Capital Assets Being Depreciated	<u>36,501,727</u>	<u>1,202,885</u>	<u>-</u>	<u>37,704,612</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,315,350)	(9,512)	-	(3,324,862)
Improvements Other Than Buildings	(11,727,958)	(766,290)	-	(12,494,248)
Equipment	(5,024,275)	(299,497)	-	(5,323,772)
SBITAs	-	(18,587)	-	(18,587)
Total Accumulated Depreciation	<u>(20,067,583)</u>	<u>(1,093,886)</u>	<u>-</u>	<u>(21,161,469)</u>
Total Capital Assets Being Depreciated	<u>16,434,144</u>	<u>108,999</u>	<u>-</u>	<u>16,543,143</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 16,434,144</u>	<u>\$ 108,999</u>	<u>\$ -</u>	<u>\$ 16,543,143</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 96,948
Public Safety	311,541
Transportation	180,730
Culture and Recreation	295,336
Total Depreciation Expense - Governmental Activities	<u>\$ 884,555</u>
Business-Type Activities	
Water and Sewer	\$ 976,080
Stormwater Utility	99,219
Internal Service Fund	18,587
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,093,886</u>

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Note 8 - Long-Term Liabilities

At September 30, 2024, bonds and loans payable consisted of the following:

	Governmental	Business-Type
Loans		
Water and Sewer Revenue Note, Series 2013A Dated September 10, 2013, for \$3,280,000, Due in Semi-Annual Installments of Principal Ranging from \$5,000 to \$325,000, Bearing an Interest Rate of 3.35%, Final Payment Due October 1, 2028	\$ -	\$ 1,540,000
Total	\$ -	\$ 1,540,000

Transactions for the year ended September 30, 2024, are summarized as follows:

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024	Due Within One Year
Governmental Activities					
Net Pension (Asset) Liability	\$ 2,590,460	\$ -	\$ (845,003)	\$ 1,745,457	\$ -
OPEB Obligations	559,355	-	(7,023)	552,332	-
SBITA Liability	88,330	-	(47,528)	40,802	40,802
Compensated Absences	437,942	204,143	(110,588)	531,497	326,096
Total Governmental Activities - Long-Term Liabilities	\$ 3,676,087	\$ 204,143	\$ (1,010,142)	\$ 2,870,088	\$ 366,898
Business-Type Activities					
Loans Payable:					
Water and Sewer Revenue Note					
Series 2013A	\$ 1,820,000	\$ -	\$ (280,000)	\$ 1,540,000	\$ 290,000
OPEB Obligations	232,953	8,854	-	241,807	-
SBITA Liability	-	83,643	(17,890)	65,753	27,571
Compensated Absences	147,117	70,566	(78,714)	138,969	70,948
Business-Type Activities - Long-Term Liabilities	\$ 2,200,070	\$ 163,063	\$ (376,604)	\$ 1,986,529	\$ 388,519

The annual requirements to amortize the bonds and loans payable outstanding as of September 30, 2024, are summarized as follows:

Fiscal Year Ending September 30,	Revenue Note, 2013A		Business-Type Activities Totals	
	Principal	Interest	Principal	Interest
2025	\$ 290,000	\$ 41,875	\$ 290,000	\$ 41,875
2026	300,000	31,825	300,000	31,825
2027	310,000	21,440	310,000	21,440
2028	315,000	10,887	315,000	10,887
2029	325,000	-	325,000	-
Total	\$ 1,540,000	\$ 106,027	\$ 1,540,000	\$ 106,027

On September 10, 2013, the City approved the Water and Sewer Revenue Note 2013A for \$3,280,000. The proceeds of the loans will be used for improvements to the water and sewer system and refunding the 2001 Water and Sewer Bond and paying related costs. Annual principal and interest on the notes are expected to require 7% of such revenues and are payable through 2028. At year-end, pledged future revenues totaled \$1,646,027, which was the amount of remaining principal and interest on the notes.

**NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

Note 9 - Employee Benefits

Police Officers' Retirement System

Plan Description

The City Police Officers' Retirement System (Police Officers' Plan Fund), a single-employer contributory defined benefit pension plan, was established pursuant to City Ordinance 1997-10, adopted September 2, 1997, by the City Council. Members of the Police Officers' Plan Fund include full-time state certified police officers. The funding method and determination of benefits payable are provided in various acts of the Florida Legislature (Act), which created funds, including subsequent amendments, thereto. The statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations, and income from investment of accumulated funds. The Act also provides, should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the Police Officers' Plan Fund by an appropriation from current funds or from any revenue which may lawfully be used for said purposes in an amount sufficient to make up the deficiency. The Police Officers' Plan Fund is administered by a Board of Trustees (the Board) comprised of two council appointees, two members of the department elected by the membership, and a fifth member elected by the other four and appointed by the council. Investments are reported at fair value. The Police Officers' Plan Fund does not issue a stand-alone financial report. Plan membership in the Police Officers' Plan Fund is as follows:

	October 1, 2024
Retirees and Beneficiaries	
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	18
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	8
Active Plan Members	20
Total Retirees and Beneficiaries	46

Plan Benefits

The Police Officers' Plan Fund provides pension, death, and disability benefits to its members. As stipulated by City ordinance, authority to establish and amend benefit provisions of the Police Officers' Plan Fund, along with the authority to provide for cost-of-living adjustments, rests with the City Council.

Police employees attaining the earlier of the age of 55 and 10 years of credited service or 25 years of credited service, are entitled to a retirement benefit equal to 2.75% times years of credited service times average final compensation (as defined by the Police Officers' Plan Fund). Employees who have attained age 50 and have completed 10 years of credited service are eligible for early retirement and may elect actuarially reduced benefits. Active employees who become disabled receive accrued benefits, but not less than 42% of average monthly earnings (service incurred disability). Employees who become disabled from a non-service incurrence must have 10 years of credited service to receive benefits. The benefits are payable for life or until full recovery is determined by the Board of Trustees. If an employee is terminated before completion of 10 years of continuous service, employee contributions, without interest, are refunded. If an employee terminates his employment either voluntarily or by lawful discharge after the completion of at least 10 years of continuous service, but before becoming eligible for retirement under the Police Officers' Plan Fund, the employee is entitled to a deferred vested benefit. The deferred vested benefit is based on monthly earnings and continuous service as of the termination date. There are no automatic or ad hoc post-retirement benefit increases.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

The Police Officers’ Plan Fund includes a Deferred Retirement Option Program (DROP) under which members eligible for normal retirement may have their monthly pension benefit credited to an account while continuing to be actively employed for up to five years. As of September 30, 2024, Police Officers’ Plan Fund net pension included \$0 of DROP account balances.

The Police Officers’ Plan includes a Partial Lump Sum Option Program (PLOP) under which members eligible for normal retirement may choose to receive a certain percentage of the actuarial equivalent value of their monthly benefit as a lump sum payment, with the remaining annuity benefits paid in the standard form. For example, if a retiree elects to receive a 15 percent partial lump sum, 15 percent of the actuarial equivalent value would be paid as a one-time lump sum payment and 85 percent of the full annuity would be paid via normal regular payments.

The Police Officers’ Plan includes a Share Plan, under which eligible active members and DROP participants receive supplemental pension benefits funded by a portion of annual premium tax revenues pursuant to Chapter 185, Florida Statutes. Individual member share accounts are established and maintained for accounting purposes, and each participant’s account is credited annually with a portion of premium tax revenues received, as well as applicable investment earnings or losses. Distributions are made as lump sum payments or may be rolled over into another qualified plan.

Contributions

The City’s contribution is actuarially determined. The City’s required contribution as a percentage of covered payroll was 22.99%. Plan members are required to contribute 8% of their annual covered salary.

Measurement Date

The City has elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2023, one year prior to the reporting date. The City’s Pension Plans do not issue separate financial statements. Therefore, the disclosures required by GASB Statement No. 67 as of September 30, 2024, are also included below.

Net Pension Liability

The components of the net pension liability for the plan as of September 30, 2024, (reporting date) and for the year then ended, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2022	\$ 12,421,687	\$ 9,831,227	2,590,460
Changes for the Year:			
Service Cost	285,141	-	285,141
Interest	925,620	-	925,620
Share Plan Allocation	11,013	-	11,013
Differences Between Expected and Actual Experience	(263,762)	-	(263,762)
Contributions - Employer	-	386,017	(386,017)
Contributions - State	-	70,421	(70,421)
Contributions - Employee	-	154,407	(154,407)
Contributions - Buy Back	10,697	10,697	-
Net Investment Income	-	1,242,287	(1,242,287)
Benefit Payments, Including Refunds of Contributions	(730,461)	(730,461)	-
Administrative Expenses	-	(50,117)	50,117
Net Changes	238,248	1,083,251	(845,003)
Balances at September 30, 2023	<u>\$ 12,659,935</u>	<u>\$ 10,914,478</u>	<u>\$ 1,745,457</u>

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	September 30, 2024
Total Pension Liability	\$ 16,701,121
Plan Net Position	13,597,706
Net Pension Liability	\$ 3,103,415
Plan Net Position as a Percentage of Total Pension Liability	81.42%

Differences between plan fiduciary net position presented above and the amounts presented in the financial statements are due to certain accruals, which are the result of timing differences. These differences are not considered to be significant.

For the year ended September 30, 2024, the City recognized total pension expense of \$834,832. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Difference Between Expected and Actual Experience	\$ 40,466
Changes of Assumptions	113,540
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,079,446
Contributions Made After the Measurement Date	508,458
Total Deferred Outflow of Resources	\$ 1,741,910
Deferred Inflows of Resources	
Difference Between Expected and Actual Experience	\$ 197,823
Total Deferred Inflows of Resources	\$ 197,823

Contributions made after the measurement date (shown above) will be recognized as a reduction of net pension liability in the fiscal year ending September 30, 2025. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2025	\$ 399,958
2026	286,799
2027	451,054
2028	(102,182)
Thereafter	-

Plan Investments

The Board is responsible for establishing and amending the Police Officers' Plan Fund's investment policies. The Police Officers' Plan Fund's current investment policy gives the Board discretion to allocate assets with assistance of the Police Officers' Plan Fund's investment consultant. The Board has established the following asset allocation targets for the total fund as of September 30, 2024: (1) domestic equities target is 45% with a suggested range of 35% - 55% using the S&P 500 benchmark index; (2) international equities target is 10% with a suggested range of 5% - 25% using the MSCI-EAFE benchmark index; and (3) broad market fixed income has a target of 45% with suggested ranges of 35% - 55% using the Barclays intermediate aggregate bond index as a benchmark index. The Police Officers' Plan Fund did not hold investments in any one organization that represents 5% or more of the Police Officers' Plan Fund's net position. The money-weighted rate of return on Police Officers' Plan Fund investments, net of investment related expenses, was 26.30% and 12.79% for the years ended September 30, 2024 and 2023, respectively.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2023, updated to September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	7.50%
Investment Rate of Return, Including Inflation	7.50%

Mortality Rate Healthy Active Lives:

- Female: PubS.H-2010 for Employees, set forward one year.
- Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Retiree Lives:

- Female: PubS.H-2010 for Healthy Retirees, set forward one year.
- Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

- Female: PubG.H-2010 (Below Median) for Healthy Retirees.
- Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:

- 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

The most recent actuarial experience study used to review the other significant assumptions was dated August 11, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, and are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45.0%	7.50%
International Equity	10.0%	8.50%
Broad Market Fixed Income	30.0%	2.50%
Real Estate	10.0%	4.50%
GTAA	5.00%	5.71%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the reporting date of September 30, 2024 (measurement date of 2023).

The projected cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.50%, or 1-percentage-point higher 8.50% than the current rate:

As of September 30, 2024:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 5,384,632	\$ 3,103,415	\$ 1,240,455

As of September 30, 2023:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 3,215,453	\$ 1,745,457	\$ 517,102

401(a) Money Purchase Plan

The City offers its general employees a single employer defined contribution plan (Defined Plan) created in accordance with Internal Revenue Code Section 401(a). The Defined Plan was established as of March 7, 1994, by adoption of the City Council through Ordinance No. 1994-4. The Defined Plan, available to all full-time employees other than police, provides for an individual investment account. The Defined Plan is administered by the ICMA Retirement Corporation. The Defined Plan does not require a mandatory contribution from participants. The City is obligated to contribute 7% of gross pay for employees with less than ten years of service. Participants with at least ten years of service may elect to contribute up to 9% of gross pay, which the City is required to match. Employees are 100% vested in their personal contributions and receive 100% of investment earnings earned thereon. At September 30, 2024, 38 employees were participating in the Defined Contribution Plan.

Employees vest in the City’s contribution and the related investment earnings, based on years of service as follows:

Years of Service	Vesting Percentage
Less Than One	0%
One	20%
Two	40%
Three	60%
Four	80%
Five and More	100%

Employees are eligible to participate in the Defined Plan after they have been employed for six months. The minimum age for retirement withdrawals is 55. In addition, withdrawals are permitted upon termination, disability, or death of the participant.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Payroll for Covered Employees	\$	3,405,700
Employer Contributions Required and Actually Made – 7% of Covered Payroll		238,399

The City has no fiduciary responsibility over the Defined Plan and does not serve in an administrative capacity or give investment advice to the participants.

OPEB

Pursuant to Section 112.0801 of the Florida Statutes, the City is required to permit participation in the single-employer health insurance program (the Plan) by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active participants. The Plan is not an entity unto itself and, therefore, has no separately issued financial statements.

Plan Description

The City provides postemployment benefits to all eligible individuals including lifetime medical, dental, and life insurance coverage. Eligible individuals include all employees of the City who retire from the City and are participating in the City’s medical program at the time of retirement. Under the medical coverage, eligible individuals also include spouses. Police members are eligible for normal retirement after attaining age 55 with 10 years of service or at any age with 25 years of service. Early retirement may be taken at any time after attaining age 50 with 10 years of service. Non-police members are eligible for normal retirement after attaining age 55 with 5 years of service.

Participant data of the most recent actuarial valuation date is shown below:

		<u>September 30, 2022</u>
Inactive Employees or Beneficiaries		
Currently Receiving Benefits		17
Active Employees		<u>52</u>
Total		<u><u>69</u></u>

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The City has opted not to fund the net OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In any long-term actuarial valuation, certain demographic, economic, and behavioral assumptions are made concerning the population, the investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model, which is used to project the future

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA

population, the future benefits provided, and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost.

For the September 30, 2022 actuarial valuation, the Entry Age Cost Method (Level Percentage of Pay) was used. This method determines a service cost rate as a fixed percentage of compensation for each active participant.

The current years' service cost is the participant's compensation multiplied by the service cost rate. Under this method, service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement.

Other actuarial assumptions are as follows:

Salary Increases	3.00%
Discount Rate	4.87%
Investment Rate of Return	0.0%
Healthcare Cost Trend Rates	7.25% for fiscal year-end 2023, grading down to the ultimate trend rate of 4.00% in fiscal 2075.

Mortality. Mortality rates were based on the Pub-2010 Mortality Tables with fully generational improvement using Scale MP-2018.

Discount Rate. The discount rate used to measure the total OPEB liability was 4.87% as of September 30, 2024, which is equal to the single rate of return developed pursuant to GASB Statement No. 75. The discount rate used to determine the liabilities under GASB Statement No. 75 depends on the City's funding policy. Since the City does not prefund benefits, the discount rate required to be used is based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Annual OPEB Cost and OPEB Obligation

The City's total OPEB liability was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2022.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balances at September 30, 2023	<u>\$ 792,308</u>
Changes for the Year:	
Service Cost	6,231
Interest	37,316
Differences Between Expected and Actual Experience	
Change in Assumptions	(8,883)
Benefit Payments	(32,833)
Net Changes	<u>1,831</u>
Balances at September 30, 2024	<u><u>\$ 794,139</u></u>

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
OPEB Liability	\$ 890,838	\$ 794,139	\$ 713,463

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates. The following presents the total OPEB liability for the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB Liability	\$ 780,439	\$ 794,139	\$ 809,958

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of \$5,801.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources		
Difference Between Expected and Actual Experience	\$	88,320
Changes of Assumptions		66,086
Contributions Made After the Measurement Date		36,813
Total Deferred Outflow of Resources	\$	191,219
Deferred Inflows of Resources		
Difference Between Expected and Actual Experience	\$	8,732
Changes in Assumptions		265,772
Total Deferred Inflows of Resources	\$	274,504

Contributions made after the measurement date (shown above) will be recognized as a reduction of the OPEB liability in the fiscal year ending September 30, 2025. Other amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2025	\$ (41,996)
2026	(41,990)
2027	(42,832)
2028	11,917
2029	(5,197)
Thereafter	-

**NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

Note 10 - Deferred Compensation Plan

The City maintains for its employees a deferred compensation plan (Deferred Comp Plan) under provisions of the Internal Revenue Code Section 457. The Deferred Comp Plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Deferred Comp Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for the Deferred Comp Plan. All amounts of compensation deferred under the Deferred Comp Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these Deferred Comp Plan assets are not reported as a part of these financial statements.

Note 11 - Interlocal Agreement

In 1985, pursuant to an interlocal agreement authorized by Florida Statutes, Section 163.01, the City joined with the City of Jacksonville Beach and the City of Atlantic Beach (Joint Venture) to construct and operate outfall lines and disposal facilities, together with all the lands, right-of-ways, easements, and other entitlements necessary for the construction and use thereof.

The construction of the outfall lines and disposal facilities was funded by the municipalities in the following proportions:

	Percentage
Atlantic Beach	33.06%
Jacksonville Beach	55.78%
Neptune Beach	11.16%
Total	100.00%

The City of Atlantic Beach provides all accounting and purchasing services for the Joint Venture. Repair and maintenance of the outfall lines and disposal of the facilities is shared by the participating municipalities in the percentages noted above. During fiscal year 2024, there were no significant payments made to the Joint Venture. The Joint Venture has no debt outstanding on applicable financial statements as of September 30, 2024.

Note 12 - Risk Management

The City is exposed to various risks of loss related to general/professional liability, automobile liability, property damage, and workers' compensation. The City purchases commercial insurance with various deductibles for different types of losses. There were no claims paid that exceeded coverage during the last three fiscal years.

The City is insured by Governmental Risk Insurance Trust (GRIT), to cover the risks of loss related to workers' compensation. The City pays GRIT premiums based on appropriate classifications and rates. The total coverage provided is \$1,000,000 bodily injury by accident, per occurrence; \$1,000,000 bodily injury by disease; and \$1,000,000 bodily injury by accident, injury by disease, aggregate limit. There were no claims paid that exceeded coverage in the past three fiscal years.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

Note 13 - Other Disclosures

Deficit Fund Balance/Net Position

The following funds had a deficit fund balance/net position as of September 30, 2024:

Sanitation Fund	\$ (807,267)
Paid Parking Fund	(26,040)
Holiday Décor	(7,420)
Capital Improvement Fund	(534,071)
Jarboe Park CIP Fund	(25,829)

Note 14 - Restatements

Correction of Errors

- For the year ended September 30, 2023, the City recorded \$199,709 of water and sewer charges for services as miscellaneous revenues in the general fund. Because of this, fund balance in the general fund and net position in governmental activities was overstated by \$199,709 and net position in the water and sewer fund and business-type activities was understated by \$199,709 as of October 1, 2023.
- As of September 30, 2023, the City's capital asset subsidiary ledger included balances that were not reflected in the general ledger totaling \$164,601 in governmental activities, (\$25,008) in the water and sewer fund, (\$49,407) in the stormwater utility fund, and \$13,008 in the paid parking fund. Because of this, net position was understated by \$164,601 in governmental activities, overstated by \$25,008 in the water and sewer fund, overstated by \$49,407 in the stormwater utility fund, understated by \$13,008 in the paid parking fund, and overstated by \$61,407 in business-type activities as of October 1, 2023.

The restatements of beginning fund balance and net position are summarized as follows:

	Fund Balance As Previously Reported	Adjustment to Move Water and Sewer Charges	Adjustment to Correct Capital Asset Balances	Fund Balance As Restated
Governmental Funds				
General Fund	\$ 6,185,559	\$ (199,709)	\$ -	\$ 5,985,850
Governmental Activities	14,127,422	(199,709)	164,601	14,092,314
	Net Position As Previously Reported	Adjustment to Move Water and Sewer Charges	Adjustment to Correct Capital Asset Balances	Net Position As Restated
Enterprise Funds				
Water and Sewer Fund	\$ 17,052,801	\$ 199,709	\$ (25,008)	\$ 17,227,502
Stormwater Utility Fund	4,582,275	-	(49,407)	4,532,868
Paid Parking Fund	26,052	-	13,008	39,060
Business-Type Activities	21,315,368	199,709	(61,407)	21,453,670



Required Supplementary Information

(Unaudited)

Annual Financial Report

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,502,307	\$ 4,502,307	\$ 4,358,012	\$ (144,295)
Charges for Services	11,400	11,400	43,884	32,484
Licenses and Permits	296,500	296,500	342,888	46,388
Franchise Fees	336,900	336,900	424,707	87,807
Intergovernmental	1,669,785	1,669,785	2,039,357	369,572
Fines and Forfeitures	38,978	38,978	46,510	7,532
Investment Income	200	200	20,763	20,563
Miscellaneous	126,157	126,157	148,191	22,034
Total Revenues	<u>6,982,227</u>	<u>6,982,227</u>	<u>7,424,312</u>	<u>442,085</u>
Expenditures				
Current:				
Mayor and Council	40,248	40,248	45,850	(5,602)
City Manager	154,975	154,975	175,287	(20,312)
Finance Department	300,457	300,457	446,017	(145,560)
City Attorney	150,150	150,150	145,111	5,039
Building Department	507,844	507,844	455,461	52,383
City Clerk	234,897	234,897	235,617	(720)
Non-Department	589,748	589,748	481,137	108,611
Police Department	4,636,849	4,636,849	4,815,851	(179,002)
Animal Control	80,944	80,944	100,153	(19,209)
Parks and Sustainability	357,210	357,210	371,075	(13,865)
Public Works	1,704,345	1,704,345	1,312,332	392,013
Lifeguards/Beach Cleanup	290,005	290,005	281,420	8,585
(Total Expenditures)	<u>(9,047,672)</u>	<u>(9,047,672)</u>	<u>(8,865,311)</u>	<u>182,361</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,065,445)</u>	<u>(2,065,445)</u>	<u>(1,440,999)</u>	<u>624,446</u>
Other Financing Sources (Uses)				
Proceeds of Sale of Capital Assets	-	-	70,931	70,931
Transfers In	1,262,753	1,262,753	1,910,218	647,465
Total Other Financing Sources (Uses)	<u>1,262,753</u>	<u>1,262,753</u>	<u>1,981,149</u>	<u>718,396</u>
Net Change in Fund Balance	(802,692)	(802,692)	540,150	1,342,842
Fund Balances, Beginning of Year	<u>802,692</u>	<u>802,692</u>	<u>5,985,850</u>	<u>5,183,158</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,526,000</u>	<u>\$ 6,526,000</u>

**NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Note 1 - Budgetary Information

The budget is prepared on a basis consistent with generally accepted accounting principles. The City of Neptune Beach, Florida maintains the legal level of budgetary control at the department level for all funds. Total expenditures for each fund may not exceed appropriations without City Council approval.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF NEPTUNE BEACH, FLORIDA**

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020
Total Pension Liability					
Service Cost	\$ 336,220	\$ 285,141	\$ 278,435	\$ 256,002	\$ 227,090
Interest	945,191	925,620	904,476	873,513	832,213
Changes in Excess State Money	-	-	-	-	-
Share Plan Allocation	16,332	11,013	9,269	-	9,335
Benefit Payments Paid Due from Excess State Money Reserve	-	-	-	-	-
Changes in Benefit Terms	2,727,145	-	-	-	-
Differences Between Expected and Actual Experience	793,839	(263,762)	47,431	66,998	187,031
Changes of Assumptions	-	-	-	454,161	(169,198)
Contributions - Buy Back	9,679	10,697	23,969	14,829	3,708
Benefit Payments, Including Refunds of Member Contributions	(787,220)	(730,461)	(1,246,267)	(552,519)	(619,859)
Net Change in Total Pension Liability	4,041,186	238,248	17,313	1,112,984	470,320
Total Pension Liability - Beginning	12,659,935	12,421,687	12,404,374	11,291,390	10,821,070
Total Pension Liability - Ending (a)	<u>16,701,121</u>	<u>12,659,935</u>	<u>12,421,687</u>	<u>12,404,374</u>	<u>11,291,390</u>
Plan Fiduciary Net Position					
Contributions - Employer	427,399	386,017	344,044	547,372	496,735
Contributions - State	81,059	70,421	66,933	-	67,065
Contributions - Employee	171,247	154,407	134,617	132,869	120,530
Contributions - Buy Back	9,679	10,697	23,969	14,829	3,708
Net Investment Income	2,846,068	1,242,287	(2,168,643)	1,729,363	863,448
Benefit Payments, Including Refunds of Employee Contributions	(787,220)	(730,461)	(1,246,267)	(552,519)	(619,859)
Administrative Expense	(65,004)	(50,117)	(50,040)	(52,468)	(52,752)
Net Change in Plan Fiduciary Net Position	2,683,228	1,083,251	(2,895,387)	1,819,446	878,875
Plan Fiduciary Net Position - Beginning	10,914,478	9,831,227	12,726,614	10,907,168	10,028,293
Plan Fiduciary Net Position - Ending (b)	13,597,706	10,914,478	9,831,227	12,726,614	10,907,168
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,103,415</u>	<u>\$ 1,745,457</u>	<u>\$ 2,590,460</u>	<u>\$ (322,240)</u>	<u>\$ 384,222</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.42%	86.21%	79.15%	102.60%	96.60%
Covered Employee Payroll*	<u>\$ 2,140,584</u>	<u>\$ 1,930,085</u>	<u>\$ 1,682,714</u>	<u>\$ 1,660,865</u>	<u>\$ 1,506,625</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	144.98%	90.43%	153.95%	-19.40%	25.50%

Differences between Plan Fiduciary Net Position presented above and the amounts presented in the financial statements are due to certain accruals, which are the result of timing differences. These differences are not considered to be significant.

Notes to Schedule:

* The Covered Employee Payroll numbers shown are in compliance with Governmental Accounting Standards Board Statement No. 83, except for the September 30, 2015 measurement period, which includes drop payroll.

Changes of Benefit Terms:

For the measurement date September 30, 2021, amounts reported as changes of assumptions resulted from an experience study dated August 11, 2021. The following changes were made:

- The investment return assumption was lowered from 7.75% to 7.50%, net of investment related expenses.
- The salary increase assumption was changed, reducing the assumed rate at all service levels.
- The normal retirement assumption was changed to immediate retirement upon first eligibility.
- The termination rates were changed, resulting in higher assumed termination rates for members with less than 5 years of service, but generally lower assumed termination rates for those with more than 5 years of service.

For the measurement date September 30, 2020, as mandated by chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on the plan demographics.

For the measurement date September 30, 2018, the following plan changes were reflected:

Pursuant to the provisions of Chapter 2015-39, the "default methodology" to calculate use of Chapter 185 premium tax revenues was applied retroactively to September 30, 2015. This methodology provided funding for a City Reserve Credit, allocations for the Share Plan, and a credit applied toward the Unfunded Actuarial Liability.

Ordinance 2015-06 passed on January 19, 2016, approving the issuance of a one-time thirteenth check for retirees. The total amount of the thirteenth checks paid was taken from the Excess State Monies reserve balance.

- Inflation rate was lowered from 3.00% to 2.50% during FY2019.

September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
\$ 209,773	\$ 180,830	\$ 186,399	\$ 206,787	\$ 176,459
816,477	786,369	758,549	747,888	705,481
-	(295,249)	31,981	(11,031)	28,631
31,455	122,043	-	-	-
-	-	-	43,251	-
-	-	-	-	-
47,624	72,076	(212,331)	(95,501)	158,907
-	-	-	104,045	13,848
4,969	8,394	38,780	9,448	-
<u>(1,229,292)</u>	<u>(391,041)</u>	<u>(509,179)</u>	<u>(517,103)</u>	<u>(592,783)</u>
(118,994)	483,422	294,199	487,784	490,543
<u>10,940,064</u>	<u>10,456,642</u>	<u>10,162,443</u>	<u>9,674,659</u>	<u>9,184,116</u>
<u>10,821,070</u>	<u>10,940,064</u>	<u>10,456,642</u>	<u>10,162,443</u>	<u>9,674,659</u>
430,046	406,116	363,572	349,485	359,489
124,608	-	58,873	59,112	55,523
104,349	98,542	88,219	84,801	78,060
4,969	8,394	38,780	9,448	13,848
537,577	624,428	1,006,730	427,781	15,377
(1,229,292)	(391,041)	(509,179)	(517,103)	(592,783)
<u>(43,191)</u>	<u>(36,599)</u>	<u>(32,531)</u>	<u>(32,292)</u>	<u>(23,445)</u>
(70,934)	709,840	1,014,464	381,232	(93,931)
<u>10,099,227</u>	<u>9,389,387</u>	<u>8,374,923</u>	<u>7,993,691</u>	<u>8,087,622</u>
<u>10,028,293</u>	<u>10,099,227</u>	<u>9,389,387</u>	<u>8,374,923</u>	<u>7,993,691</u>
<u>\$ 792,777</u>	<u>\$ 840,837</u>	<u>\$ 1,067,255</u>	<u>\$ 1,787,520</u>	<u>\$ 1,680,968</u>
92.67%	92.31%	89.79%	82.41%	82.63%
<u>\$ 1,304,356</u>	<u>\$ 1,231,774</u>	<u>\$ 1,102,738</u>	<u>\$ 1,060,008</u>	<u>\$ 1,330,898</u>
60.78%	68.26%	96.78%	168.63%	126.30%

Notes to Schedule:

For the measurement date September 30, 2016, the following assumption changes have been made:

- The return assumption was lowered from 8.00% to 7.75% per year, net of investment related expenses.
- The salary increases assumption was changed from a flat 6.50% to a service-based table.
- The assumed rates of termination were changed from an age-based table to a service-based table.
- The assumed rates of normal retirement were changed from 100% at first eligibility to a table based method.
- Assumed rates of mortality were changed from RP-2000 Combined Healthy Tables to the mortality tables of special risk employees used by the Florida Retirement System in the July 1, 2015 valuation.

**SCHEDULE OF CONTRIBUTIONS
CITY OF NEPTUNE BEACH, FLORIDA**

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020
Actuarially Determined Contribution	\$ 518,878	\$ 410,722	\$ 391,904	\$ 393,293	\$ 370,178
Contributions in Relation to the Actuarially					
Determined Contributions	492,126	445,425	401,708	547,372	554,466
Contribution (Excess) Deficiency	<u>\$ 26,752</u>	<u>\$ (34,703)</u>	<u>\$ (9,804)</u>	<u>\$ (154,079)</u>	<u>\$ (184,288)</u>
Covered Employee Payroll	<u>\$ 2,140,584</u>	<u>\$ 1,930,085</u>	<u>\$ 1,682,714</u>	<u>\$ 1,660,865</u>	<u>\$ 1,506,625</u>
Contributions as a Percentage of Covered Employee Payroll	22.99%	23.08%	23.87%	32.96%	36.80%

Notes to Schedule:

Valuation Date: October 1, 2022

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Mortality:	<p><i>Mortality Rate Healthy</i> Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.</p> <p><i>Mortality Rate Retiree Lives:</i> Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><i>Mortality Rate Beneficiary Lives:</i> Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><i>Mortality Rate Disabled Lives:</i> 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees. All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements. The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021, FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.</p>	
Interest Rate:	7.50% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.	
Retirement Age:	100% upon first eligibility for normal retirement. The assumed rates of normal retirement were approved in conjunction with an actuarial study dated August 11, 2021.	
Early Retirement:	None	
Disability Rate:	Age	Rate
	20	0.03%
	30	0.04%
	40	0.07%
	50	0.18%
Termination Rate:	Service	Rate
	<5	10.0%
	5-9	8.0%
	10-14	2.0%
	15+	1.0%
Salary Increases:	Service	Rate
	<5	12.00%
	5-9	7.50%
	10+	3.75%
Funding Method:	Entry Age Normal Actuarial Cost Method.	
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.	

September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
\$ 373,568	\$ 337,875	\$ 351,994	\$ 380,225	\$ 322,780
523,199	442,173	390,464	376,377	386,381
<u>\$ (149,631)</u>	<u>\$ (104,298)</u>	<u>\$ (38,470)</u>	<u>\$ 3,848</u>	<u>\$ (63,601)</u>
<u>\$ 1,304,356</u>	<u>\$ 1,231,774</u>	<u>\$ 1,102,738</u>	<u>\$ 1,060,008</u>	<u>\$ 1,330,898</u>
40.11%	35.90%	35.41%	35.51%	29.03%

**SCHEDULE OF INVESTMENT RETURNS
CITY OF NEPTUNE BEACH, FLORIDA**

	September 30, 2024	September 30, 2023	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	26.30%	12.79%	-17.28%	15.79%	8.61%	5.32%	6.63%	12.09%	5.39%	0.19%

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
CITY OF NEPTUNE BEACH, FLORIDA**

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 6,231	\$ 25,062	\$ 25,831	\$ 18,644	\$ 17,847	\$ 23,999	\$ 23,300
Interest on the Total OPEB Liability	37,316	25,835	23,352	32,604	31,888	29,501	28,300
Difference Between Expected and Actual Experience	-	109,249	-	45,543	-	(34,940)	-
Changes of Assumptions and Other Inputs	(8,883)	(387,781)	(41,597)	105,593	7,709	41,594	-
Benefit Payments	(32,833)	(36,088)	(33,727)	(24,437)	(22,627)	(19,046)	(17,800)
Net Change in Total OPEB Liability	1,831	(263,723)	(26,141)	177,947	34,817	41,108	33,800
Total OPEB Liability - Beginning	792,308	1,056,031	1,082,172	904,225	869,408	828,300	794,500
Total OPEB Liability - Ending	<u>794,139</u>	<u>792,308</u>	<u>1,056,031</u>	<u>1,082,172</u>	<u>904,225</u>	<u>869,408</u>	<u>828,300</u>
Plan Fiduciary Net Position							
Contributions - Employer	37,083	37,638	37,827	25,937	22,627	19,046	17,800
Benefit Payments, Including Refunds of Employer Contributions	(37,083)	(37,638)	(37,827)	(25,937)	(22,627)	(19,046)	(17,800)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-Employee Payroll	<u>\$ 3,776,093</u>	<u>\$ 3,666,110</u>	<u>\$ 3,930,577</u>	<u>\$ 3,816,094</u>	<u>\$ 3,726,801</u>	<u>\$ 3,618,253</u>	<u>\$ 3,173,800</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	21.03%	21.61%	26.87%	28.36%	24.26%	24.03%	26.10%

Notes to Schedule:

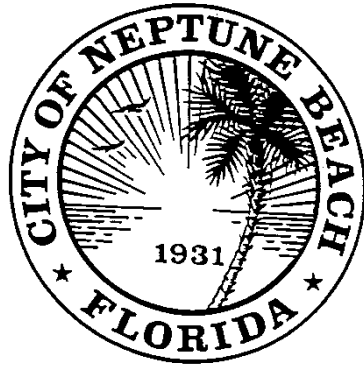
No assets are being accumulated in a trust to pay for the benefits.
Additional years will be added to this schedule annually until 10 years of data is presented.

Covered Employee Payroll was projected forward from the valuation date for the reporting period ended September 30, 2024.

Changes of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ended September 30, 2024:	4.87%
Fiscal Year Ended September 30, 2023:	4.77%
Fiscal Year Ended September 30, 2022:	2.43%
Fiscal Year Ended September 30, 2021:	2.14%
Fiscal Year Ended September 30, 2020:	3.58%
Fiscal Year Ended September 30, 2019:	3.64%
Fiscal Year Ended September 30, 2018:	3.50%

Benefit Payments. The Plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ended September 30, 2024. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.



Combining and Individual Fund Statements and Schedules

Annual Financial Report

**DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- **Police Education Fund**—This fund accounts for revenues derived from county court costs. Expenditures are used to provide criminal justice education degree programs and training courses for Police Department personnel.
- **Community Development Block Grant Fund**—This fund accounts for federal grants through the Jacksonville Entitlement program, which provides funding for community development and improvements for qualified populations within the City of Neptune Beach, Florida (the City).
- **Convention Development Tax Fund**—This fund is used to account for funds received from the levy of the local tourist development tax, which are used to promote convention and tourist development. By special act of the legislature, it can also be used for capital outlay in support of lifeguards and parks.
- **Forfeiture Proceeds Fund**—This fund accounts for revenue derived from confiscated property and cash. Proceeds are used to augment police activities.
- **Street Improvement Fund**—This fund accounts for the Eighth-Cent Gasoline Tax. The revenue is restricted per Florida Statutes and may only be used for street construction and paving.
- **Local Option Gas Tax Fund**—This fund accounts for the City’s share of county gas tax revenues. Funds may be used to support capital outlay and maintenance for local roads and drainage systems.
- **Radio Communications Fund**—This fund accounts for a portion of the revenues obtained from traffic violations. Expenditures are used to enhance public safety communications and automation.
- **Better Jacksonville Half-Cent Tax Fund**—This fund accounts for the City’s share of revenue obtained from the Better Jacksonville Half-Cent Sales Surtax. Expenditures are used for projects to benefit all residents with respect to growth management, road improvements and construction, environmental protection and preservation, and public facilities.
- **Holiday Décor Fund**—This fund accounts for donations received from residents to be used for holiday decorations.
- **Opioid Settlement Fund**—This fund accounts for revenues received through the opioid settlement to support prevention, treatment and recovery efforts related to opioid addictions.
- **King Neptune Trust Fund**—This fund accounts for revenues received for special events.

**DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds. The City has one non-major capital projects fund:

- **Capital Improvement Fund**—This fund accounts for capital expenditures throughout the City (other than those tracked in the Jarboe Park Capital Improvement Fund).
- **Jarboe Park Capital Improvement Fund**—This fund accounts for capital expenditures related to the Jarboe Park improvement plan.

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Special Revenue Funds					
	Police Education Fund	Community Development Block Grant Fund	Convention Development Tax Fund	Forfeiture Proceeds Fund	Street Improvement Fund	Local Option Gas Tax Fund
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 30,341	\$ 297,013	\$ 111,840	\$ 71,022	\$ 516,875	\$ 264,713
Due from Other Governments	311	1,085	535	-	7,294	34,344
Prepaid Expense	-	26	-	-	-	-
Total Assets	30,652	298,124	112,375	71,022	524,169	299,057
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	-	25,668	625	-	416	(8,292)
Due to Other Funds	-	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	-	25,668	625	-	416	(8,292)
Fund Balances						
Restricted for:						
Public Safety	30,652	-	-	71,022	-	-
Capital Outlay	-	-	-	-	523,753	307,349
Other Purposes	-	-	111,750	-	-	-
Assigned:						
Community Development	-	272,456	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	30,652	272,456	111,750	71,022	523,753	307,349
Total Liabilities and Fund Balances	\$ 30,652	\$ 298,124	\$ 112,375	\$ 71,022	\$ 524,169	\$ 299,057

Special Revenue Funds					Capital Projects Fund			Total	
Radio Commun- ications Fund	Better Jacksonville Half-Cent Fund	Holiday Décor Fund	Opioid Settlement Fund	King Neptune Trust Fund	Total Special Revenue Funds	Capital Improvement Fund	Jarboe Park CIP Fund	Total Capital Projects Funds	Total Non-Major Governmental Funds
\$ 93,600	\$ 1,176,952	\$ -	\$ 30,605	\$ 75,089	\$ 2,668,050	\$ -	\$ -	\$ -	\$ 2,668,050
-	77,831	-	-	-	121,400	-	-	-	121,400
-	-	-	-	-	26	-	-	-	26
<u>93,600</u>	<u>1,254,783</u>	<u>-</u>	<u>30,605</u>	<u>75,089</u>	<u>2,789,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,789,476</u>
-	-	1,674	-	-	20,091	-	13,724	13,724	33,815
-	-	5,746	-	-	5,746	-	12,105	12,105	17,851
-	-	-	-	-	-	534,071	-	534,071	534,071
-	-	7,420	-	-	25,837	534,071	25,829	559,900	585,737
-	-	-	-	-	101,674	-	-	-	101,674
93,600	1,254,783	-	-	-	2,179,485	-	-	-	2,179,485
-	-	-	30,605	75,089	217,444	-	-	-	217,444
-	-	-	-	-	272,456	-	-	-	272,456
-	-	(7,420)	-	-	(7,420)	(534,071)	(25,829)	(559,900)	(567,320)
<u>93,600</u>	<u>1,254,783</u>	<u>(7,420)</u>	<u>30,605</u>	<u>75,089</u>	<u>2,763,639</u>	<u>(534,071)</u>	<u>(25,829)</u>	<u>(559,900)</u>	<u>2,203,739</u>
\$ 93,600	\$ 1,254,783	\$ -	\$ 30,605	\$ 75,089	\$ 2,789,476	\$ -	\$ -	\$ -	\$ 2,789,476

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Special Revenue Funds					
	Police Education Fund	Community Development Block Grant Fund	Convention Development Tax Fund	Forfeiture Proceeds Fund	Street Improvement Fund	Local Option Gas Tax Fund
Revenues						
Taxes	\$ -	\$ -	\$ 14,951	\$ -	\$ -	\$ 384,998
Fines and Forfeitures	2,807	-	-	37,685	-	-
Intergovernmental Revenues	-	49,645	-	-	87,792	-
Charges for Services	-	36,445	-	-	-	-
Miscellaneous	1,555	100,263	-	-	-	-
Total Revenues	<u>4,362</u>	<u>186,353</u>	<u>14,951</u>	<u>37,685</u>	<u>87,792</u>	<u>384,998</u>
Expenditures						
Current:						
Public Works	-	-	-	-	43,777	65,439
Culture and Recreation	-	178,918	424	-	-	-
Capital Outlay	-	-	-	-	-	-
(Total Expenditures)	<u>-</u>	<u>(178,918)</u>	<u>(424)</u>	<u>-</u>	<u>(43,777)</u>	<u>(65,439)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,362</u>	<u>7,435</u>	<u>14,527</u>	<u>37,685</u>	<u>44,015</u>	<u>319,559</u>
Other Financing Sources (Uses)						
Transfers (Out)	-	(14,303)	-	-	-	(200,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,303)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net Change in Fund Balance	4,362	(6,868)	14,527	37,685	44,015	119,559
Fund Balances (Deficits), Beginning of Year	<u>26,290</u>	<u>279,324</u>	<u>97,223</u>	<u>33,337</u>	<u>479,738</u>	<u>187,790</u>
Fund Balances (Deficits), End of Year	<u>\$ 30,652</u>	<u>\$ 272,456</u>	<u>\$ 111,750</u>	<u>\$ 71,022</u>	<u>\$ 523,753</u>	<u>\$ 307,349</u>

Special Revenue Funds					Capital Projects Fund				Total
Radio Commun- ications Fund	Better Jacksonville Half-Cent Fund	Holiday Décor Fund	Opioid Settlement Fund	King Neptune Trust Fund	Total Special Revenue Funds	Capital Improvement Fund	Jarboe Park CIP Fund	Total Capital Projects Funds	Total Non-Major Governmental Funds
\$ -	\$ 707,780	\$ -	\$ -	\$ -	\$ 1,107,729	\$ -	\$ -	\$ -	\$ 1,107,729
9,913	-	-	-	-	50,405	-	-	-	50,405
-	-	-	-	-	137,437	-	-	-	137,437
-	-	-	-	-	36,445	-	-	-	36,445
-	-	7,608	30,605	515	140,546	-	-	-	140,546
9,913	707,780	7,608	30,605	515	1,472,562	-	-	-	1,472,562
-	-	-	-	-	109,216	-	-	-	109,216
-	-	26,868	-	-	206,210	-	-	-	206,210
-	-	-	-	-	-	49,900	-	49,900	49,900
-	-	(26,868)	-	-	(315,426)	(49,900)	-	(49,900)	(365,326)
9,913	707,780	(19,260)	30,605	515	1,157,136	(49,900)	-	(49,900)	1,107,236
-	(350,000)	-	-	-	(564,303)	-	-	-	(564,303)
-	(350,000)	-	-	-	(564,303)	-	-	-	(564,303)
9,913	357,780	(19,260)	30,605	515	592,833	(49,900)	-	(49,900)	542,933
83,687	897,003	11,840	-	74,574	2,170,806	(484,171)	(25,829)	(510,000)	1,660,806
\$ 93,600	\$ 1,254,783	\$ (7,420)	\$ 30,605	\$ 75,089	\$ 2,763,639	\$ (534,071)	\$ (25,829)	\$ (559,900)	\$ 2,203,739

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Police Education Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 2,800	\$ 2,800	\$ 2,807	\$ 7
Miscellaneous	-	-	1,555	1,555
Total Revenues	<u>2,800</u>	<u>2,800</u>	<u>4,362</u>	<u>1,562</u>
Expenditures				
Current:				
Public Safety	2,800	2,800	-	2,800
(Total Expenditures)	<u>(2,800)</u>	<u>(2,800)</u>	<u>-</u>	<u>2,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	4,362	4,362
Fund Balances, Beginning of Year	-	-	26,290	26,290
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,652</u>	<u>\$ 30,652</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Community Development Block Grant Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ -	\$ -	\$ 49,645	\$ 49,645
Charges for Services	-	-	36,445	36,445
Miscellaneous	-	-	100,263	100,263
Total Revenues	<u>-</u>	<u>-</u>	<u>186,353</u>	<u>186,353</u>
Expenditures				
Current:				
Culture and Recreation	48,000	48,000	178,918	(130,918)
(Total Expenditures)	<u>(48,000)</u>	<u>(48,000)</u>	<u>(178,918)</u>	<u>(130,918)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(48,000)</u>	<u>(48,000)</u>	<u>7,435</u>	<u>55,435</u>
Other Financing Sources (Uses)				
Transfers (Out)	-	-	(14,303)	(14,303)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(14,303)</u>	<u>(14,303)</u>
Net Change in Fund Balance	(48,000)	(48,000)	(6,868)	41,132
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>279,324</u>	<u>279,324</u>
Fund Balances, End of Year	<u>\$ (48,000)</u>	<u>\$ (48,000)</u>	<u>\$ 272,456</u>	<u>\$ 320,456</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

	Convention Development Tax Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes	\$ 12,500	\$ 12,500	\$ 14,951	\$ 2,451
Total Revenues	<u>12,500</u>	<u>12,500</u>	<u>14,951</u>	<u>2,451</u>
Expenditures				
Current:				
Culture and Recreation	12,500	12,500	424	12,076
(Total Expenditures)	<u>(12,500)</u>	<u>(12,500)</u>	<u>(424)</u>	<u>12,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	14,527	14,527
Fund Balances, Beginning of Year	-	-	97,223	97,223
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,750</u>	<u>\$ 111,750</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

	Forfeiture Proceeds Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fines and Forfeitures	\$ 1,198	\$ 1,198	\$ 37,685	\$ 36,487
Total Revenues	<u>1,198</u>	<u>1,198</u>	<u>37,685</u>	<u>36,487</u>
Expenditures				
Current:				
Public Safety	1,198	1,198	-	1,198
(Total Expenditures)	<u>(1,198)</u>	<u>(1,198)</u>	<u>-</u>	<u>1,198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	37,685	37,685
Fund Balances, Beginning of Year	-	-	33,337	33,337
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,022</u>	<u>\$ 71,022</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Street Improvement Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental Revenue	\$ 85,000	\$ 85,000	\$ 87,792	\$ 2,792
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>87,792</u>	<u>2,792</u>
Expenditures				
Current:				
Public Works	-	-	43,777	(43,777)
(Total Expenditures)	<u>-</u>	<u>-</u>	<u>(43,777)</u>	<u>(43,777)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>85,000</u>	<u>85,000</u>	<u>44,015</u>	<u>(40,985)</u>
Other Financing Sources (Uses)				
Transfers (Out)	(85,000)	(85,000)	-	85,000
Total Other Financing Sources (Uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>	<u>85,000</u>
Net Change in Fund Balance	-	-	44,015	44,015
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>479,738</u>	<u>479,738</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,753</u>	<u>\$ 523,753</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Local Option Gas Tax Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes	\$ 400,000	\$ 400,000	\$ 384,998	\$ (15,002)
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>384,998</u>	<u>(15,002)</u>
Expenditures				
Current:				
Public Works	-	-	65,439	(65,439)
(Total Expenditures)	<u>-</u>	<u>-</u>	<u>(65,439)</u>	<u>(65,439)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>400,000</u>	<u>400,000</u>	<u>319,559</u>	<u>(80,441)</u>
Other Financing (Uses)				
Transfers (Out)	(400,000)	(400,000)	(200,000)	200,000
Total Other Financing (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(200,000)</u>	<u>200,000</u>
Net Change in Fund Balance	-	-	119,559	119,559
Fund Balances, Beginning of Year	<u>2,620</u>	<u>2,620</u>	<u>187,790</u>	<u>185,170</u>
Fund Balances, End of Year	<u>\$ 2,620</u>	<u>\$ 2,620</u>	<u>\$ 307,349</u>	<u>\$ 304,729</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Better Jacksonville Half-Cent Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes	\$ 675,000	\$ 675,000	\$ 707,780	\$ 32,780
Total Revenues	<u>675,000</u>	<u>675,000</u>	<u>707,780</u>	<u>32,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>675,000</u>	<u>675,000</u>	<u>707,780</u>	<u>32,780</u>
Other Financing Sources (Uses)				
Transfers (Out)	(675,000)	(675,000)	(350,000)	325,000
Total Other Financing Sources (Uses)	<u>(675,000)</u>	<u>(675,000)</u>	<u>(350,000)</u>	<u>325,000</u>
Net Change in Fund Balance	-	-	357,780	357,780
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>897,003</u>	<u>897,003</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,254,783</u>	<u>1,254,783</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

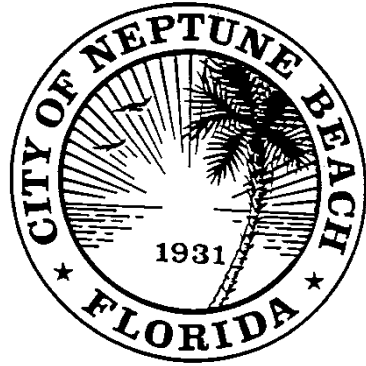
	Radio Communication Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Fines and Forfeiture	\$ 15,000	\$ 15,000	\$ 9,913	\$ (5,087)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>9,913</u>	<u>(5,087)</u>
Expenditures				
Current:				
Public Safety	15,000	15,000	-	15,000
(Total Expenditures)	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	9,913	9,913
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>83,687</u>	<u>83,687</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,600</u>	<u>\$ 93,600</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
CITY OF NEPTUNE BEACH, FLORIDA**

	Holiday Décor Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Miscellaneous	\$ 8,200	\$ 8,200	\$ 7,608	\$ (592)
Total Revenues	<u>8,200</u>	<u>8,200</u>	<u>7,608</u>	<u>(592)</u>
Expenditures				
Current:				
Culture and Recreation	5,000	5,000	26,868	(21,868)
(Total Expenditures)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(26,868)</u>	<u>(21,868)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,200</u>	<u>3,200</u>	<u>(19,260)</u>	<u>(22,460)</u>
Net Change in Fund Balance	3,200	3,200	(19,260)	(22,460)
Fund Balances, Beginning of Year	<u>(3,200)</u>	<u>(3,200)</u>	<u>11,840</u>	<u>15,040</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,420)</u>	<u>\$ (7,420)</u>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024
 CITY OF NEPTUNE BEACH, FLORIDA**

	Capital Improvement Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures				
Capital Outlay	\$ -	\$ -	\$ 49,900	\$ (49,900)
(Total Expenditures)	<u>-</u>	<u>-</u>	<u>(49,900)</u>	<u>(49,900)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(49,900)</u>	<u>(49,900)</u>
Net Change in Fund Balance	-	-	(49,900)	(49,900)
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>(484,171)</u>	<u>(484,171)</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (534,071)</u>	<u>\$ (534,071)</u>



Other Reports

Annual Financial Report

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES; AND THE *RULES OF THE AUDITOR GENERAL*
OF THE STATE OF FLORIDA**

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

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neptune Beach, 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 December 31, 2025.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as 2024-01, 2024-02, 2024-03, and 2024-04, as items that we consider to be material weaknesses. We also identified a deficiency in internal control, described below as 2024-05, that we consider to be a significant deficiency:

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City of Neptune Beach, Florida
Neptune Beach, Florida

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

2024-01 – Financial Close and Reporting

Condition—Prior to the fiscal year, the City experienced unexpected turnover in the finance department. When unexpected turnover of key personnel in a small organization such as the City occurs, there is significant loss of institutional knowledge as well as a lack of familiarity with the activity being audited. The City is also unable to provide accurate financial data throughout the year for management and elected officials. As a result, completion of audit for the previous fiscal year was significantly delayed, resulting in significant delays in the close of this fiscal year, implementation of responses to prior audit recommendations, and the commencement of the audit for the current fiscal year. The trial balance provided for the audit also required significant adjustments to complete the financial close for the year. During final fieldwork, we identified several areas that required audit adjustments to correct the City’s accounting records. The following audit adjustments were material to the financial statements:

- Increase investment balances and investment income in the Fiduciary Fund by \$2,676,000 to match investment statements.
- Record \$325,000 of contributions and other revenues and \$917,000 of benefits and other expenses in the Fiduciary Fund to match the police pension actuary report.
- Increase claim on cash and due to other funds in the Sanitation Fund by \$174,000 to balance interfund balances and pooled cash.
- Increase revenues in the General Fund by \$619,000 for funds that were earned in fiscal year 2023, but not available until fiscal year 2024.
- Prior period adjustment to decrease the General Fund beginning equity and claim on cash by \$200,000 and increase the Water and Sewer Fund beginning equity and claim on cash by \$200,000 for fiscal year 2023 water and sewer charges for services that were recorded as miscellaneous revenues in the General Fund.
- Prior period adjustment to increase Governmental Activities beginning equity and capital assets by \$165,000, decrease Water and Sewer Fund beginning equity and capital assets by \$25,000, decrease Stormwater Utility Fund beginning equity and capital assets by \$49,000, and increase Paid Parking Fund beginning equity and capital assets by \$13,000 for differences between the capital assets subsidiary ledger and the general ledger.

Effects—As a result, the audit was not completed by the statutory due date of June 30, 2025, and the City’s financial statements would have been materially misstated if adjustments noted above had not been identified during the audit process.

Recommendation—Although unexpected turnover of key personnel will create disruption, we recommend a review of the sufficiency of documentation of job roles, responsibilities, and key financial closing processes within the finance department. Additional documentation of these items may assist with transition when unexpected turnover occurs.

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

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

2024-02 – Cash Reconciliation

Condition—Timely and accurate bank reconciliations prepared and reviewed by personnel who are independent of the cashing function are a key financial control. Although the cash reconciliations were performed, the documentation available indicated that review and approval of the reconciliations is sometimes being performed by the same person who prepares the reconciliations.

Additionally, we noted that the accounting system will allow entries to be made that change accounts for the total cash in bank, the total equity in pooled cash, and/or the total fund-level claims on cash by different amounts. There were no controls noted as part of the cash reconciliation process or otherwise that would prevent or detect and correct such imbalances in pooled cash. An audit adjustment increasing the fund-level claims on cash by \$174,000 was required in order to balance the total fund-level claims on cash with total cash in bank and total equity in pooled cash.

Effect—Without proper review and approval of bank reconciliations by a different qualified individual than the person preparing the reconciliations, there is a greater risk that material errors or fraudulent transactions would go undetected. Additionally, a lack of controls monitoring and maintaining the proper balance of the pooled cash process led to significant imbalances between recorded amounts of cash in bank, equity in pooled cash, and the various funds’ claims on pooled cash that are not prevented or detected and corrected in a timely manner.

Recommendation—We recommend that the City evaluate its bank reconciliation process to ensure that bank reconciliations are regularly completed and reviewed each month by different qualified individuals and that any identified discrepancies are properly investigated and corrected. We also recommend that controls be implemented that prevent or detect and correct imbalances in pooled cash.

2024-03 – Approval of Payroll Reports

Condition—During our testing of payroll controls we noted that for 10 out of 25 paychecks tested, documentation of proper approval of timesheets could not be located. Additionally, for 2 out of 25 paychecks tested, documentation of proper approval of pay rates could not be located.

Effect—Although we did not note any actual discrepancies pay rates or timecard hours, a lack of a review of payroll documentation could result in erroneous or fraudulent payments that are not prevented or detected and corrected on a timely basis.

Recommendation—We recommend that the payroll approval process be followed for all pay periods and that contingencies be established to determine a backup reviewer for each payroll control in the event that the primary reviewer is unavailable to review a particular pay period.

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

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

2024-04 – Lack of Approval of Manual Journal Entries

Condition—The City’s policy for posting manual journal entries is for one member of the finance department to prepare the entry and for a second member of the finance department to review and approve the entry. In the past, approval of journal entries was manually written in a logbook. Significant turnover in recent years led to this logbook not being located for each of the previous three fiscal years. However, in the current fiscal year, the City began keeping documentation related to manual journal entries electronically, which has improved the retention of this documentation. All entries tested for fiscal year 2024 appear to be appropriate and correctly posted based on supporting documentation. However, we noted 12 entries out of a sample of 25 that did not have the required approval from a second person.

Effect—Although the City’s move to electronic documentation of manual journal entry approvals improved retention of this necessary documentation, the policy of secondary approval was not consistently followed throughout the fiscal year. Lack of a review of manual journal entries could result in erroneous or fraudulent entries that are not prevented, or detected and corrected, on a timely basis.

Recommendation—We recommend that all manual journal entries be reviewed by someone in management other than the person who created the entry prior to it being posted to the general ledger.

2024-05 – Lack of Approval of Disbursements

Condition—One of the City’s key controls over the regular cash disbursements process is for the CFO and the City Manager to document approval of disbursement batches prior to funds being disbursed. Out of a sample of 25 disbursements tested, 12 disbursements had documentation of both required approvals, while the other 13 only had one of the required approvals. However, none of the disbursements tested were missing both approvals as was the case with many of the disbursements tested in the previous audit.

Effect—Although each of the disbursements tested had at least one level of appropriate approval, the City’s policy requires two sets of approval before disbursements are made. Failure to follow the City’s disbursement approval policies could increase the risk that erroneous or fraudulent disbursements are not prevented or detected and corrected on a timely basis.

Recommendation—We recommend that the City’s disbursement approval processes be consistently followed for all disbursements.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described below as 2024-06 and 2024-07.

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

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

2024-06 – Audit Submission

Condition—Chapter 185, Florida Statutes, requires municipal police pension plans to submit audited financial statements for each fiscal year to the Florida Division of Retirement (the Division) in a timely manner, prior to the disbursement of premium tax funds to the plan. Chapter 218, Florida Statutes, requires local governmental entities to provide audited financial statements for each fiscal year to the Auditor General no later than 9 months after the end of the fiscal year. Delays in closing the fiscal year 2024 financial year led to the audit not being completed in time for compliance with these requirements.

Effect—The Division has withheld premium tax funds from the City’s Police Pension Plan for fiscal year 2024 for failure to comply with this requirement. The City also failed to comply with the requirement to submit audited financial statements to the Auditor General within 9 months of the end of the fiscal year.

Recommendation—We recommend the City review its financial close and reporting processes to ensure the audit can be completed in time for all required submissions.

2024-07 – Budgetary Compliance

Condition—During our testing of budgetary compliance, we noted over-expenditures of budget amounting to \$5,602 in the Mayor and Council Department of the General Fund, \$20,312 in the City Manager Department of the General Fund, \$145,560 in the Finance Department of the General Fund, \$720 in the City Clerk Department of the General Fund, \$179,002 in the Police Department of the General Fund, \$19,209 in the Animal Control Department of the General Fund, \$13,865 in the Parks and Sustainability Department of the General Fund, \$130,000 in the Community Development Block Grant Fund, \$43,777 in the Street Improvement Fund, \$65,439 in the Local Option Gas Tax Fund, \$21,868 in the Holiday Décor Fund, and \$49,900 in the Capital Improvement Fund.

Effect—Expenditures exceeded the legally authorized level of spending for the departments and funds listed above.

Recommendation—We recommend the City review their processes for monitoring budget versus actual performance to ensure that expenditures do not exceed the budgeted amounts.

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to findings identified in our audit is described in its accompanying letter. 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 the response.

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

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

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 City’s internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

December 31, 2025
Gainesville, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS**

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

We have examined the City of Neptune Beach, Florida’s (the City) compliance with Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2024. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, 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 and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination of the City’s compliance with specified requirements.

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

This report 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 and pass-through entities, the Mayor, and City Council members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

December 31, 2025
Gainesville, Florida

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MANAGEMENT LETTER

Honorable Mayor, City Councilors, and City Manager
 City of Neptune Beach, Florida
 Neptune Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Neptune Beach, Florida (the City) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated December 31, 2025.

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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on an examination conducted in accordance with the American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated December 31, 2025, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except for the following:

Current Year Finding #	2022-2023 FY Finding #	2021-2022 FY Finding #
2024-01	2023-01	2022-01
2024-02	2023-02	2022-02
2024-03	2023-03	2022-03
2024-04	2023-04	2022-04
2024-05	2023-05	2022-05
2024-06	2023-09	2022-08
2024-07	2023-10	2022-09

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Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

MANAGEMENT LETTER

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. This information is included in Note 1 to the 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 communicate the results of our determination as to whether or not the City met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) 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 for the City. 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 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 have the following recommendation.

2024-08 – Sanitation Fund Deficit Cash Position

Sanitation Fund operating expenses continue to exceed revenues; as a result the fund has a negative cash and fund balance position at year-end. The negative cash position has been temporarily eliminated by an interfund loan. We recommend that the City review sanitation costs and rates if the intent is for sanitation services to pay for themselves or, if not, budget transfers in from other funds to make up the operating deficits.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. The City has not authorized the operation of a PACE program, and management is not aware of the operation of any such program, within its geographical boundaries.

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 determined that the City had no special district component units.

Honorable Mayor, City Councilors, and City Manager
City of Neptune Beach, Florida
Neptune Beach, Florida

MANAGEMENT LETTER

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material but 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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis Gray

December 31, 2025
Gainesville, Florida

December 31, 2025

**Purvis, Gray and Company, LLP
P. O. Box 141270
Gainesville, Florida 32614**

RE: Response to Management Letter

2024-01 – Financial Close and Reporting

Condition - Prior to the fiscal year, the City experienced unexpected turnover in the finance department. When unexpected turnover of key personnel in a small organization such as the City occurs, there is significant loss of institutional knowledge as well as a lack of familiarity with the activity being audited. The City is also unable to provide accurate financial data throughout the year for management and elected officials. As a result, completion of audit for the previous fiscal year was significantly delayed, resulting in significant delays in the close of this fiscal year, implementation of responses to prior audit recommendations, and the commencement of the audit for the current fiscal year. The trial balance provided for the audit also required significant adjustments to complete the financial close for the year. During final fieldwork, we identified several areas that required audit adjustments to correct the City's accounting records. The following audit adjustments were material to the financial statements:

- Increase investment balances and investment income in the Fiduciary Fund by \$2,676,000 to match investment statements.
- Record \$325,000 of contributions and other revenues and \$917,000 of benefits and other expenses in the Fiduciary Fund to match the police pension actuary report.
- Increase claim on cash and due to other funds in the Sanitation Fund by \$174,000 to balance interfund balances and pooled cash.
- Increase revenues in the General Fund by \$619,000 for funds that were earned in fiscal year 2023, but not available until fiscal year 2024.
- Prior period adjustment to decrease the General Fund beginning equity and claim on cash by \$200,000 and increase the Water and Sewer Fund beginning equity and claim on cash by \$200,000 for fiscal year 2023 water and sewer charges for services that were recorded as miscellaneous revenues in the General Fund.
- Prior period adjustment to increase Governmental Activities beginning equity and capital assets by \$165,000, decrease Water and Sewer Fund beginning equity and capital assets by \$25,000, decrease Stormwater Utility Fund beginning equity and capital assets by \$49,000, and increase Paid Parking Fund beginning equity and capital assets by \$13,000 for differences between the capital assets subsidiary ledger and the general ledger.

Effects - As a result, the audit was not completed by the statutory due date of June 30, 2025, and the City's financial statements would have been materially misstated if adjustments noted above had not been identified during the audit process.

Recommendation - Although unexpected turnover of key personnel will create disruption, we recommend a review of the sufficiency of documentation of job roles, responsibilities, and key financial closing processes within the finance department. Additional documentation of these items may assist with transition when unexpected turnover occurs.

Management Response to Comment 2024-01 – Financial Close and Reporting

The City experienced **unexpected turnover** in the finance department in prior fiscal years that led to loss of institutional knowledge, inaccurate financial data throughout the year that caused delays in prior year audit completion, current year financial closing, implementation of prior audit recommendations, and start of the current year audit by fifteen months that caused missing statutory deadline of **June 30, 2025**.

Recommendation - The City acknowledges the challenges identified in the audit related to financial close and reporting for fiscal year 2024. The unexpected turnover of key personnel in the finance department significantly impacted on the continuity of operations, institutional knowledge, and the timely completion of financial reporting tasks. We recognize that these disruptions contributed to delays in the audit process and necessitated material audit adjustments. In response, the City has taken the following corrective actions:

1. **Staffing and Training:**
 - Key finance positions have been filled with qualified personnel.
 - Cross-training initiatives are underway to ensure broader coverage of critical functions and reduce reliance on individual staff members.
2. **Process Documentation:**
 - We are actively developing comprehensive documentation of financial closing procedures, job roles, and responsibilities.
 - This documentation will be maintained and updated regularly to support continuity during transitions and onboarding.
3. **Internal Controls and Review:**
 - Enhanced internal review procedures have been implemented to improve the accuracy of interim financial data and year-end reporting.
 - A checklist-based monthly close process is being adopted to ensure completeness and consistency.
4. **Technology and Systems:**
 - We are evaluating opportunities to improve automation and integration within our financial systems to reduce manual errors and improve reporting timeliness.
5. **Review and improve documentation of:**
 - Job roles and responsibilities.
 - Key financial closing processes.

The City is committed to strengthening its financial operations and ensuring timely and accurate reporting in future fiscal years. We appreciate the audit team's observations and will continue to work collaboratively to address all recommendations. The aforementioned improvements shall help mitigate disruption from future unexpected turnover or unforeseen situations.

2024-02 – Cash Reconciliation

Condition - Timely and accurate bank reconciliations prepared and reviewed by personnel who are independent of the cashing function are a key financial control. Although the cash reconciliations were performed, the documentation available indicated that review and approval of the reconciliations are sometimes being performed by the same person who prepares the reconciliations.

Additionally, we noted that the accounting system will allow entries to be made that change accounts for the total cash in bank, the total equity in pooled cash, and/or the total fund-level claims on cash by different amounts. There were no controls noted as part of the cash reconciliation process or otherwise that would prevent or detect and correct such imbalances in pooled cash. An audit adjustment increasing the fund-level claims on cash by \$174,000 was required in order to balance the total fund-level claims on cash with total cash in bank and total equity in pooled cash.

Effect - Without proper review and approval of bank reconciliations by a different qualified individual than the person preparing the reconciliations, there is a greater risk that material errors or fraudulent transactions would go undetected. Additionally, a lack of controls monitoring and maintaining the proper balance of the pooled cash process led to significant imbalances between recorded amounts of cash in bank, equity in pooled cash, and the various funds' claims on pooled cash that are not prevented or detected and corrected in a timely manner.

Recommendation - We recommend that the City evaluate its bank reconciliation process to ensure that bank reconciliations are regularly completed and reviewed each month by different qualified individuals and that any identified discrepancies are properly investigated and corrected. We also recommend that controls be implemented that prevent or detect and correct imbalances in pooled cash.

Response to Comment 2024-02 – Cash Reconciliation

Management agrees and acknowledges the observation regarding the cash reconciliation process and appreciates the feedback provided. We recognize that a timely monthly reconciliation process to review bank accounts to the general ledger is a crucial

As of Q1 2025, we have implemented several enhancements to strengthen our cash reconciliation controls:

1. **Process Automation:** We are transitioning to an automated reconciliation platform that integrates directly with our banking partners and ERP system. This has the potential to significantly reduced manual errors and improved reconciliation turnaround times.
2. **Frequency and Timeliness:** Reconciliations are now performed on a daily basis for high-volume accounts and weekly for others, ensuring timely identification and resolution of discrepancies.
3. **Exception Handling:** A standardized workflow has been established for investigating and clearing exceptions, with escalation protocols for unresolved items beyond 5 business days.
4. **Documentation and Audit Trail:** All reconciliations are now documented with clear audit trails, including reviewer sign-offs and timestamped entries, to support compliance and transparency.
5. **Training and Oversight:** Staff involved in the reconciliation process have undergone refresher training, and periodic reviews are conducted by the Treasury team to ensure adherence to policy.

We believe these measures address the concerns raised and enhance the overall integrity of our cash management practices. We remain committed to continuous improvement and welcome any further recommendations.

2024-03 – Approval of Payroll Reports

Condition - During our testing of payroll controls we noted that for 10 out of 25 paychecks tested, documentation of proper approval of timesheets could not be located. Additionally, for 2 out of 25 paychecks tested, documentation of proper approval of pay rates could not be located.

Effect - Although we did not note any actual discrepancies pay rates or timecard hours, a lack of a review of payroll documentation could result in erroneous or fraudulent payments that are not prevented or detected and corrected on a timely basis.

Recommendation - We recommend that the payroll approval process be followed for all pay periods and that contingencies be established to determine a backup reviewer for each payroll control in the event that the primary reviewer is unavailable to review a particular pay period.

Response to Comment 2024-03 – Approval of Payroll Reports

Management agrees and appreciates the feedback regarding the approval process for payroll reports and recognizes the importance of maintaining strong internal controls in this area to minimize the risk of material misstatement that may lead to economic loss

To address the comment, we have taken the following steps to reinforce the payroll report approval process:

1. **Formalized Approval Workflow:** All payroll reports are now routed through a standardized approval workflow within our HRIS platform, ensuring that approvals are documented and traceable.
2. **Dual Review Protocol:** Each payroll cycle undergoes a dual review—first by the Payroll Manager for accuracy and compliance, followed by final approval from the CFO or designated delegate prior to submission.
3. **Timestamped Audit Trail:** Approval actions are logged with timestamps and user credentials, providing a clear audit trail for internal and external review.
4. **Exception Reporting:** Any anomalies or adjustments outside of standard payroll parameters are flagged and require explicit approval with supporting documentation.
5. **Policy Reinforcement:** Payroll approval policies have been updated and re-circulated to all relevant stakeholders. Training sessions were conducted in Q2 2025 to ensure consistent understanding and application.

We are confident that these enhancements address the concerns raised and strengthen our payroll governance framework. We remain committed to maintaining compliance and transparency in all payroll-related processes.

2024-04 – Lack of Approval of Manual Journal Entries

Condition - The City's policy for posting manual journal entries is for one member of the finance department to prepare the entry and for a second member of the finance department to review and approve the entry. In the past, approval of journal entries was manually written in a logbook. Significant turnover in recent years led to this logbook not being located for each of the previous three fiscal years. However, in the current fiscal year, the City began keeping documentation related to manual journal entries electronically, which has improved the retention of this documentation. All entries tested for fiscal year 2024 appear to be appropriate and correctly posted based on supporting documentation. However, we noted 12 entries out of a sample of 25 that did not have the required approval from a second person.

Effect - Although the City's move to electronic documentation of manual journal entry approvals improved retention of this necessary documentation, the policy of secondary approval was not consistently followed throughout the fiscal year. Lack of a review of manual journal entries could result in erroneous or fraudulent entries that are not prevented, or detected and corrected, on a timely basis.

Recommendation - We recommend that all manual journal entries be reviewed by someone in management other than the person who created the entry prior to it being posted to the general ledger.

Response to Comment 2024-04 – Lack of Approval of Manual Journal Entries

We acknowledge the observation regarding the lack of documented approvals for manual journal entries and agree that consistent oversight is essential to maintaining financial integrity.

We have implemented the following corrective actions to address this issue:

1. **Mandatory Approval Workflow:** All manual journal entries now require electronic approval through our ERP system prior to posting. The workflow enforces segregation of duties and ensures that entries are reviewed by authorized personnel.
2. **Role-Based Access Controls:** Posting privileges have been restricted to designated accounting staff, while approval rights are limited to senior finance personnel. This prevents unauthorized entries and enforces accountability.
3. **Audit Trail and Documentation:** Each manual journal entry includes supporting documentation and a time-stamped approval log, which is retained for audit purposes and internal review.
4. **Monthly Review Process:** A monthly reconciliation and review of manual journal entries is conducted by the Controller to verify completeness, accuracy, and proper authorization.
5. **Policy Update and Training:** The journal entry policy has been updated to reflect these changes, and training sessions were held in Q3 2025 to ensure compliance across the finance team.

We believe these measures fully address the concern and reinforce our commitment to strong financial controls. We welcome any further recommendations to enhance this process.

2024-05 – Lack of Approval of Disbursements

Condition - One of the City's key controls over the regular cash disbursements process is for the CFO and the City Manager to document approval of disbursement batches prior to funds being disbursed. Out of a sample of 25 disbursements tested, 12 disbursements had documentation of both required approvals, while the other 13 only had one of the required approvals. However, none of the disbursements tested were missing both approvals as was the case with many of the disbursements tested in the previous audit.

Effect - Although each of the disbursements tested had at least one level of appropriate approval, the City's policy requires two sets of approval before disbursements are made. Failure to follow the City's disbursement approval policies could increase the risk that erroneous or fraudulent disbursements are not prevented or detected and corrected on a timely basis.

Recommendation - We recommend that the City's disbursement approval processes be consistently followed for all disbursements.

Response to Comment 2024-05 – Lack of Approval of Disbursements

We acknowledge the concern regarding the lack of documented approvals for disbursements and agree that proper authorization is critical to maintaining financial control and compliance.

To address this issue, we have implemented the following corrective measures:

1. **Centralized Approval Workflow:** All disbursements are now processed through a centralized approval system within our financial platform, ensuring that no payment is released without prior authorization from designated approvers.
2. **Tiered Approval Structure:** Approval thresholds have been clearly defined based on disbursement amounts. Higher-value transactions require multi-level approvals, including review by senior finance leadership.
3. **System Controls and Audit Trail:** The disbursement system now logs all approval actions with user credentials and timestamps, creating a complete audit trail for internal and external review.

4. **Policy Enforcement:** The disbursement policy has been updated to reflect these controls and has been communicated to all relevant departments. Non-compliance triggers automated alerts and manual reviews.
5. **Training and Monitoring:** Staff involved in initiating or approving disbursements have received updated training, and periodic audits are conducted to ensure adherence to the approval process.

We believe these actions address the concern and significantly strengthen our disbursement controls. We remain committed to maintaining transparency, accountability, and compliance in all financial operations.

2024-06 – Audit Submission

Condition - Chapter 185, Florida Statutes, requires municipal police pension plans to submit audited financial statements for each fiscal year to the Florida Division of Retirement (the Division) in a timely manner, prior to the disbursement of premium tax funds to the plan. Chapter 218, Florida Statutes, requires local governmental entities to provide audited financial statements for each fiscal year to the Auditor General no later than 9 months after the end of the fiscal year. Delays in closing the fiscal year 2024 financial year led to the audit not being completed in time for compliance with these requirements.

Effect - The Division has withheld premium tax funds from the City’s Police Pension Plan for fiscal year 2024 for failure to comply with this requirement. The City also failed to comply with the requirement to submit audited financial statements to the Auditor General within 9 months of the end of the fiscal year.

Recommendation - We recommend the City review its financial close and reporting processes to ensure the audit can be completed in time for all required submissions

Response to Comment 2024-06 – Audit Submission

We acknowledge the comment regarding the audit submission process and agree with the recommendation and recognize the importance of reporting in a timely manner to ensure payments of premium tax funds. The City felt behind on the statutory requirement of filing audited financial statements within 9 months after the end of the fiscal year . The audited financial statement for FY 2021-22 was filed 23 months later, in May 2023. This situation caused for other subsequent years to be significantly delayed as well. The City implemented a three-year plan with the goal to get back in compliance by filing the audited financial statement for FY 2023-24 by the end of December 2025. The audited financial statement for FY 2024-25 should be filed within the statutory requirement of 9 months after the end of the fiscal year, June 30, 2026.

To address this concern going forward, we have taken the following steps to improve the timeliness and completeness of future audit submissions:

1. **Audit Calendar and Milestone Tracking:** A detailed audit calendar has been established, including key submission deadlines, internal review checkpoints, and responsible parties. This ensures proactive planning and accountability.
2. **Centralized Document Repository:** All audit-related documentation is now maintained in a secure, centralized repository with version control and access logs, allowing for efficient retrieval and consistent formatting.
3. **Pre-Submission Review Protocol:** A formal review process has been implemented prior to submission, involving cross-functional validation by Accounting, Treasury, and Compliance teams to ensure accuracy and completeness.
4. **Audit Liaison Role:** A dedicated audit liaison has been appointed to coordinate communication, manage deliverables, and serve as the primary point of contact for auditors.
5. **Continuous Improvement:** Feedback from prior audits is now incorporated into a post-audit review process to identify and address recurring issues, with action plans tracked to resolution.

We are confident that these enhancements will result in more efficient and effective audit submissions going forward. We remain committed to transparency, collaboration, and continuous improvement in our audit practices.

2024-07 – Budgetary Compliance

Condition - During our testing of budgetary compliance, we noted over-expenditures of budget amounting to \$7,014 in the Mayor and Council Department of the General Fund, \$23,783 in the City Manager Department of the General Fund, \$149,605 in the Finance Department of the General Fund, \$2,725 in the City Clerk Department of the General Fund, \$274,687 in the Police Department of the General Fund, \$20,307 in the Animal Control Department of the General Fund, \$13,865 in the Parks and Sustainability Department of the General Fund, \$130,000 in the Community Development Block Grant Fund, \$43,777 in the Street Improvement Fund, \$65,439 in the Local Option Gas Tax Fund, \$21,868 in the Holiday Décor Fund, and \$49,900 in the Capital Improvement Fund.

Effect - Expenditures exceeded the legally authorized level of spending for the departments and funds listed above.

Recommendation - We recommend the City review their processes for monitoring budget versus actual performance to ensure that expenditure does not exceed the budgeted amounts. Response to Findings Government Auditing Standards requires the auditor to perform limited procedures on the City's response to findings identified in our audit is described in its accompanying letter. 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 the response.

Response to Comment 2024-07 – Budgetary Compliance

We acknowledge the comment regarding budgetary compliance and appreciate the opportunity to address the concern.

To strengthen our compliance with approved budgets and improve financial oversight, we have implemented the following measures:

1. **Enhanced Budget Monitoring:** Departmental budgets are now monitored monthly through automated reporting tools that flag variances exceeding predefined thresholds. These reports are reviewed by Finance and shared with department heads for timely corrective action.
2. **Pre-Approval Controls:** All expenditures are subject to pre-approval workflows aligned with budget allocations. Requests that exceed budget limits require escalation and justification before processing.
3. **Forecasting and Reforecasting:** We have adopted a rolling forecast model that allows for quarterly reforecasting based on actual and updated assumptions. This ensures greater alignment between budget expectations and operational realities.
4. **Training and Accountability:** Budget owners have received updated training on compliance requirements and reporting tools. Accountability has been reinforced through quarterly performance reviews tied to budget adherence.
5. **Policy Updates:** Our budget management policy has been revised to reflect these changes, including clearer guidelines on variance thresholds, approval authority, and documentation standards.

We are confident that these actions address the concerns raised and reinforce our commitment to fiscal discipline and transparency. We welcome continued feedback and collaboration to further enhance our budgetary practices.

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2025-26

Item #2b
FY26 First
Quarter Report

City of Neptune Beach, Florida

Budget Summary Report

First-Quarter (October – December)

As of December 31, 2025

Prepared by:

Finance Department

January 14, 2026

Prepared for:

Honorable Mayor and City Council

Cori Bylund – Mayor

Nia Livingston – Vice Mayor

Tim Horvath – Councilor

Brent Rogers – Councilor

Josh Messinger - Councilor

City Manager

Richard Pike

Department Directors

Public Works – Deryle Calhoun, Jr., PE

Chief of Police – Michael J Key, Jr.

Community Development – Heather Whitmore, AICO, PTP

Senior Center – Leslie Lyne

Information Technology - Ricardo Pizarro

Parks & Sustainability – Colin Moore

1. Executive Summary

The City of Neptune Beach closed the first quarter of Fiscal Year 2025-26 with an overall stable financial performance. Revenues exceeded projection by 2.44% while expenditure/expenses remain within the budgeted limit. The accompanied reports provide updated financial results for the first quarter of Fiscal Year 2025-26, ending December 31, 2025, by providing a budget to actual comparison summary of year-to-date revenues and expenditures for the General Fund, Special Revenue Funds, and Enterprise Funds. The City maintains \$4,000,000 in reserves or 21.55% of the total Operating Budget to ensure fiscal resilience.

Key Metrics

- Total Revenues: \$7,651,970
- Total Expenditures: 4,232,702
- Operating Surplus: \$3,419,268

2. Discussion

This unaudited report is for the three-months operations for FY 2025-26, ending December 31, 2025. The report provides the City Council with updates on the financial status of the City's funds by comparing budgeted projections for revenues and expenditures to actual receipts and expenditures. No budget amendments were submitted to the City Council for this period.

3. Financial Highlights

City-wide revenues and deferred outflows exceeded expenditures and deferred inflows at the close of December 31, 2025. Year to Date total revenue collected was \$7,651,970 and total expenditure/expenses were \$4,232,702, increasing the City's net position by \$3,419,268.

General Fund

- As of December 31, 2025, the General Fund revenues collected are \$4,803,860 as compared to \$4,337,291 collected last fiscal year, which represents a \$466,569 or 10.76% increase from previous year.
- Year to date expenditures as of December 31, 2025, were \$2,278,597 as compared to \$2,406,983 from prior year, which represents a decrease of \$128,386 or 5.33%.

Major General Fund Revenue Categories

The General Fund revenue categories for FY 2025-26 are summarized in Exhibit 1.

- The primary source of revenue for the City of Neptune Beach is the Ad Valorem (property) taxes, which comprise 42.75% of total budgeted revenues for the General Fund in FY 2025-26. Around 80% of property taxes are received in the first quarter (between October and December) of the fiscal year. As of December 31, 2025, the City collected \$4,032,466 or 80.39% of the forecast Ad Valorem tax revenue of \$5,016,194 for FY2025-26. The City continues to realize stable property tax-related revenue growth due to the increase in property value in the last few years. Although ad valorem tax has been at the same rate of 3.3656 per \$1,000 of property since 2011, the FY 2025-26 budget includes an increase of 6.4% in the ad valorem revenue driven by the increase in property taxes values.
- Sales Taxes include the Local Half Cent Sales Tax, the 11 Cent Cig. Tax, and other miscellaneous Sale Tax representing the second largest revenue source category for the City's General Fund. These taxes are remitted to the City from the State on an ongoing basis, approximately two months in arrears. The combined budgeted Sales and Telecommunication Tax for FY 2025-26 is \$1,200,900 or 10.24% of the total budget. The City has collected \$289,089 or 24.07% of the total budgeted Sales Tax.
- The third major category of revenues for the General Fund is Franchise Fees. Franchise Fees are \$534,300 or 4.55% of the revenue receivables forecasted and budgeted for FY 2025-26. As of December 31, 2025, the City collected \$127,100 or 23.79% of the budgeted amount.
- Intergovernmental Revenues is the fourth category of revenues for the General Fund. As of June 30, 2024, the City has collected \$1, or .41% of budgeted revenues. These revenues are received from the state on a regular basis. However, the state has been in arrears for two or three months.
- Building Permits and Fees is the fifth largest revenue category for the City's General Fund for FY 2023-24. This category is forecasted to collect \$296,500 or 3.20% of total budgeted revenue for FY 2023-24. The City collected \$184,789 or 62.32% of the budgeted revenue for FY 2023-24 for Building Permits and Fees.

Special Revenue Funds (Non-Major Governmental Funds),

As of June 30, 2024, year to date revenues were \$320,932, or 10.09% of the budget and expenditures were \$11,001 or .35% of budget. Special Revenues funds closed with an operating surplus of \$309,931.

Enterprise Funds

Business-type or Enterprise Fund group consists of the City's Water & Sewer Fund, Sanitation Fund, Stormwaters Fund, Paid Parking Fund. The total YTD revenue

collected is \$2,527,178, or 19.48% of the budget. YTD combined expenses are \$1,943,104 or 15.45% of the budget. As of December 31, 2025, combined activities for Enterprise Fuds resulted in operating surplus of \$584,074.

Debt Service

- As of December 31, 2025, the City has one Water & Sewer revenue note (2012A) for \$3,280,000 with an outstanding loan balance of \$1,250,000. Principal payments are made each year on October 1st and interest payments of approximately \$35,000 every April 1st. This debt is scheduled to be satisfied by October 1st, 2029.
- The City has two major reportable Subscription-Based Information Technology Arrangement (SBITA):
 - Enterprise Resource Planning (ERP) with monthly payments of \$4,141 renewable every year, and
 - Geographic Information System (GIS) with monthly payments of \$2,442.

Cash Deposits and Investments

As of December 31, 2025, cash deposits and investments included the following:

Investment Controlled by the City:

SBA Investment Pool	\$ 22,527
Certificate of Deposit-PRIME	121,900
Certificate of Deposit-CHASE	502,738
PNC Sweep	5,033,685
CHASE Sweep	3,328,167
Total Investment Controlled by the City	<u>\$ 9,009,017</u>

Cash:

PNC Deposits	\$ 545,303
CHASE Deposits	4,210,554
Cash on Hand (Estimated)	<u>2,500</u>
Total Cash	<u>\$ 4,758,357</u>

Total Cash and Investments **\$13,767,374**

Sufficient reserves are maintained to mitigate contingencies.

- \$3,650,000 Equal to 20% or 2.5 months of Operating Budget
- 1,500,000 Estimated resources needed to fund a month of operating expenses.
- 1,250,000 Set Aside for CIP Reimbursable Grants
- 7,367,374 Capital Outlay

The City has elected to proceed under Investment Guidelines as set forth in Section 218.415(17) of the Florida Statutes. The City may invest any surplus public funds in the following manner:

- Florida PRIME (SBA) - operated by the State Board of Administration Local Government Surplus Trust Funds (SBA Investment Pool).
- Florida Municipal Investment Trust (FMIvT) authorized pursuant to the Florida Interlocal Cooperation Act.
- Sweep Accounts at Banks.

First Quarter Earnings on Investments \$73,722

SBA = State Board of Administration Local Government Surplus Trust Funds.

EXHIBIT A

General Fund - Revenues

Account	Description	Budget	Actual	% Received	Remaining	% Remaining
001-0000-311-10-10	REAL PROPERTY TAXES	\$ 4,837,181	\$ 3,954,034	81.74%	\$ 883,147	18.26%
001-0000-311-10-20	PERSONAL PROPERTY TAXES	94,013	\$ 78,433	83.43%	\$ 15,580	16.57%
001-0000-311-20-10	DELINQUENT REAL PROPERTY	85,000	\$ -	0.00%	\$ 85,000	100.00%
	Subgroup : [311] Taxes	\$ 5,016,194	\$ 4,032,467	80.39%	\$ 983,727	19.61%
001-0000-313-10-00	JAX BEACH ELEC. FRANCHISE	\$ 285,000	\$ 54,662	19.18%	\$ 230,338	80.82%
001-0000-313-40-00	GAS FRANCHISE	2,500	-	0.00%	2,500	100.00%
001-0000-313-60-00	SANITATION FRANCHISE	246,800	34,954	14.16%	211,846	85.84%
001-0000-314-20-00	TELECOMMUNICATIONS TAX	290,000	72,774	25.09%	217,226	74.91%
	Subgroup : [323] Franchise Fees	\$ 824,300	\$ 162,391	19.70%	\$ 661,909	80.30%
001-0000-321-10-00	PROFESSIONAL/OCCUPATIONAL. LICENSES	\$ 35,000	\$ 29,308	83.74%	\$ 5,692	16.26%
001-0000-322-10-00	BUILDING PERMITS	285,000	\$ 54,156	19.00%	\$ 230,844	81.00%
001-0000-322-20-00	PLAN REVIEW FEES	108,000	\$ 18,318	16.96%	\$ 89,682	83.04%
001-0000-322-20-10	Fire Plan Review Fees	7,920	\$ 547	6.90%	\$ 7,374	93.10%
001-0000-322-30-00	Building Department Credit Card Fees	-	\$ -	0.00%	\$ -	0.00%
001-0000-329-10-00	INSPECTION FEES	600	\$ 243	40.53%	\$ 357	59.47%
	Subgroup : [322] Licenses and Permits	\$ 436,520	\$ 102,572	23.50%	\$ 333,948	76.50%
001-0000-331-20-00	Federal Grant - Public Safety	\$ 62,000	\$ -	0.00%	\$ 62,000	100.00%
001-0000-331-00-00	Other Grants-PD	126,360	-	0.00%	126,360	100.00%
001-0000-334-30-10	Reimbursable Grants	380,000	-	0.00%	380,000	100.00%
001-0000-334-40-10	FEMA	-	22,762			
001-0000-335-11-20	11 CENT CIG. TAX/REV. SHARING	250,000	86,633	34.65%	163,367	65.35%
001-0000-335-15-00	ALCOHOLIC BEVERAGE. LICENSES	8,500	9,581	112.72%	(1,081)	-12.72%
001-0000-335-18-00	LOCAL HALF CENT SALES TAX	950,000	202,147	21.28%	747,853	78.72%
001-0000-335-19-00	MOTOR FUEL TAX REBATE	900	309	34.34%	591	65.66%
001-0000-337-10-19	FDOT GRANT	-	29,529	0.00%	(29,529)	0.00%
001-0000-337-20-12	FDOT GRANT	44,500	1,809	4.07%	42,691	95.93%
001-0000-337-20-30	911 USER FEES	85,000	-	0.00%	85,000	100.00%
001-0000-337-30-20	FLORIDA BLVD. MAINTENANCE	37,500	11,439	30.50%	26,061	69.50%
001-0000-337-70-10	LIFEGUARD/BEACH CLEAN-UP	254,615	72,667	28.54%	181,948	71.46%
001-0000-338-20-00	COUNTY OCCUPATIONAL TAX	-	-	0.00%	-	0.00%
	Subtotal [330] Intergovernmental Revenue	\$ 2,199,375.00	\$ 436,877	19.86%	\$ 1,762,498	80.14%
001-0000-341-20-10	BOARD OF APPEALS FEES	\$ 1,250	\$ 800	64.00%	\$ 450	36.00%
001-0000-341-20-20	PLANNING REVIEW BOARD FEE	30,000	5,724	19.08%	24,276	80.92%
001-0000-341-20-30	SALE OF MAPS/PUBLICATIONS	-	-	0.00%	-	0.00%
001-0000-341-20-40	LIEN LETTERS	7,500	1,960	26.13%	5,540	73.87%
001-0000-341-20-45	NOTARY FEES	-	-	0.00%	-	0.00%
001-0000-341-20-50	COPIES	1,000	1,003	100.32%	(3)	-0.32%
001-0000-341-20-60	SOLICITOR PERMITS	-	685	0.00%	(685)	0.00%
001-0000-341-20-90	ZONING VERIFICATION CHARGES	4,250	13,596	319.91%	(9,346)	-219.91%
001-0000-341-55-00	ELECTION QUALIFYING FEES	-	-	0.00%	-	0.00%
001-0000-342-90-20	INCIDENT REPORTS	125	-	0.00%	125	100.00%
	Subgroup : [341] Charges for Services	\$ 44,125	\$ 23,768	53.87%	\$ 20,357	46.13%
001-0000-351-10-00	COURT FINES	\$ -	\$ 5,369	0.00%	\$ (5,369)	0.00%
001-0000-354-10-00	PARKING TICKETS	10,250	3,921	38.25%	6,329	61.75%
001-0000-354-10-00	Red Light-Camera Tickets	49,000	-	0.00%	49,000	100.00%
001-0000-354-20-00	ALARM VIOLATIONS	-	-	0.00%	-	0.00%
001-0000-354-30-00	ANIMAL CONTROL VIOLATIONS	-	-	0.00%	-	0.00%
001-0000-354-40-00	CODE ENFORCEMENT VIOLATIONS.	12,346	-	0.00%	12,346	100.00%
	Subgroup : [354] Fines and Forfeitures	\$ 71,596	\$ 9,290	12.98%	\$ 62,306	87.02%
001-0000-361-10-00	INTEREST ON INVESTMENTS	\$ 210,000	\$ -	0.00%	\$ 210,000	100.00%
001-0000-361-20-00	STATE BOARD ADMIN INTEREST	\$ -	\$ -	0.00%	\$ -	0.00%
	Subgroup : [361] Investment Income	\$ 210,000	\$ -	0.00%	\$ 210,000	100.00%

Account	Description	Budget	Actual	% Received	Remaining	% Remaining
001-0000-362-10-00	CELLULAR TOWER RENTALS	\$ -	\$ -	0.00%	\$ -	0.00%
001-0000-362-20-00	FOP LODGE RENTAL (Not in Use)	-	-	0.00%	-	0.00%
001-0000-362-35-00	BREWHOUND RIGHT-OF-WAY LEASE	2,400	600	25.00%	1,800	75.00%
001-0000-362-40-00	FISH CAMP SIDEWALK RENTAL	4,934	1,234	25.00%	3,700	75.00%
001-0000-362-43-00	HAWKERS NEPTUNE BEACH SIDEWALK LEASE	2,923	731	25.00%	2,192	75.00%
001-0000-362-45-00	JAX SURF & PADDLE AND FLYING IGUANA LEASES	6,000	1,706	28.44%	4,294	71.56%
001-0000-362-47-00	SOUTHCOAST BEACHES SIDEWALK RENT	2,400	-	0.00%	2,400	100.00%
001-0000-362-50-00	GARDEN LEASE	-	-	0.00%	-	0.00%
001-0000-362-52-00	THE LOCAL DUMPSTER PAD RENTAL	6,000	1,000	0.00%	5,000	83.33%
001-0000-362-60-00	GREEN MARKET LEASE PAYMENT	-	-	0.00%	-	0.00%
001-0000-362-75-00	NEPTUNE HOUSE RENTALS	6,000	809	13.48%	5,191	86.52%
	Subgroup : [362] Rents and Royalties	\$ 30,657	\$ 6,079	19.83%	\$ 24,578	80.17%
001-0000-364-10-00	SURPLUS EQUIPMENT SALES	\$ 30,000	\$ -	0.00%	\$ 30,000	100.00%
001-0000-364-20-00	INSURANCE PROCEEDS	-	31,081	0.00%	(31,081)	0.00%
	[364] Sales - Disposition of Fixed Assets	30,000	\$ 31,081	103.60%	\$ (1,081)	-3.60%
001-0000-369-00-00	OTHER MISC. REVENUES	194,665	\$ (665)	-0.34%	\$ 195,330	100.34%
	Subgroup : [369] Miscellaneous Revenue	\$ 194,665	\$ (665)	-0.34%	\$ 195,330	100.34%
001-0000-381-00-00	Interfund Transfers	\$ 225,000	\$ -	0.00%	\$ 225,000	100.00%
001-0000-382-00-05	CONTRIB. FROM - PAID PARKING	295,000	-	0.00%	295,000	100.00%
001-0000-382-10-00	CONTRIB. FROM FUND 108	52,979	-	0.00%	52,979	100.00%
001-0000-382-20-00	CONTRIB. FROM FUND 106	115,000	-	0.00%	115,000	100.00%
001-0000-382-20-00	CONTRIB. FROM FUND 107	435,000	-	0.00%	435,000	100.00%
001-0000-382-20-00	CONTRIB. FROM FUND 105	83,000	-	0.00%	83,000	100.00%
001-0000-382-20-00	CONTRIB. FROM FUND 109	646,500	-	0.00%	646,500	100.00%
001-0000-382-20-00	CONTRIB. FROM FUND 620	30,000	-	0.00%	30,000	100.00%
001-0000-389-10-00	APPROPRIATED FUND BALANCE	792,072	-	0.00%	792,072	100.00%
	Subgroup : [380] Other Financing Sources	\$ 2,674,551	\$ -	0.00%	\$ 2,674,551	100.00%
	TOTAL GENERAL FUND REVENUES	\$ 11,731,983	\$ 4,803,860	40.95%	\$ 6,928,123	59.05%

EXHIBIT B

General Fund

	Budget	YTD Actual	% Used	Remaining	% Remaining
Mayor & Council					
Personnel Services	32,107	9,540	29.71%	22,567	70.29%
Operations	15,850	3,806	24.01%	12,044	75.99%
G&A Allocations	(43,161)	(11,620)	26.92%	(31,541)	73.08%
Expenditures Total	4,796	1,726	26.88%	3,070	73.12%
City Manager					
Personnel Services	343,361	99,280	28.91%	244,081	71.09%
Operations	29,025	5,052	17.41%	23,973	82.59%
G&A Allocations	(335,147)	(90,232)	26.92%	(244,915)	73.08%
Expenditures Total	37,239	14,100	24.41%	23,139	75.59%
Finance					
Personnel Services	935,778	259,164	27.70%	676,614	72.30%
Operations	72,423	10,927	15.09%	61,496	84.91%
G&A Allocations	(907,381)	(244,295)	26.92%	(663,086)	73.08%
Expenditures Total	100,820	25,796	23.24%	75,024	76.76%
City Attorney					
Personnel Services	-	-	0.00%	-	0.00%
Operations	158,700	44,403	27.98%	114,297	72.02%
G&A Allocations	(142,830)	(38,454)	26.92%	(104,376)	73.08%
Expenditures Total	15,870	5,949	27.45%	9,921	72.55%
City Clerk					
Personnel Services	279,374	84,767	30.34%	194,607	69.66%
Operations	44,945	4,447	9.89%	40,498	90.11%
G&A Allocations	(291,887)	(78,585)	26.92%	(213,302)	73.08%
Expenditures Total	32,432	10,629	22.39%	21,803	77.61%
Non-Departmental					
Personnel Services	-	-	0.00%	-	0.00%
Operations	551,001	94,077	17.07%	456,924	82.93%
Capital Improvements	411,500	19,185	4.66%	392,315	95.34%
G&A Allocations	(485,901)	(130,820)	26.92%	(355,082)	73.08%
Expenditures Total	476,600	(17,557)	16.22%	101,843	83.78%
Community Development					
Personnel Services	461,471	113,558	24.61%	347,913	75.39%
Operations	167,050	35,109	21.02%	131,941	78.98%
G&A Allocations	92,083	24,792	26.92%	67,291	73.08%
Expenditures Total	720,604	173,459	24.18%	547,145	75.82%

Public Safety/PD	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	4,464,830	1,204,389	26.98%	3,260,441	73.02%
Operations	549,005	114,806	20.91%	434,199	79.09%
Capital Outlay	388,309	106,869	27.52%	281,440	72.48%
Grant-Reimbursable	62,000	36,248	58.46%	25,752	41.54%
G&A Allocations	725,466	195,318	26.92%	530,148	73.08%
Expenditures Total	6,189,610	1,657,630	32.16%	4,224,789	67.84%
Animal Control	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	89,856	18,248	20.31%	71,608	79.69%
Operations	4,135	862	20.85%	3,273	79.15%
G&A Allocations	13,770	3,707	26.92%	10,063	73.08%
Expenditures Total	107,761	22,818	22.69%	84,943	77.31%
Public Works	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	1,390,971	270,339	19.44%	1,120,632	80.56%
Operations	438,333	65,586	14.96%	372,747	85.04%
Capital Outlay	648,072	52,292	8.07%	595,780	91.93%
G&A Allocations	304,667	82,026	26.92%	222,641	73.08%
OVH Allocation	(830,809)	(223,679)	26.92%	(607,130)	73.08%
Expenditures Total	1,951,234	246,563	19.26%	886,249	80.74%
Park & Sustainability	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	295,884	69,891	23.62%	225,993	76.38%
Operations	170,567	15,284	8.96%	155,283	91.04%
Capital Outlay	1,231,500	6,296	0.51%	1,225,204	99.49%
G&A Allocations	71,049	19,129	26.92%	51,920	73.08%
Expenditures Total	1,769,000	110,599	15.00%	1,658,401	85.00%
Ocean Rescue/Beach Cleanup	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	269,975	14,413	5.34%	255,562	94.66%
Operations	20,247	2,836	14.01%	17,411	85.99%
G&A Allocations	35,796	9,637	26.92%	26,159	73.08%
Expenditures Total	326,018	26,886	15.42%	299,132	84.58%
YTD Total Expenditures - General Fund	11,731,984	2,278,597	19.42%	7,935,459	77.56%
YTD Total Revenues - General Fund	11,731,984	4,803,860	40.95%	6,928,124	59.05%
YTD General Fund - Surplus/(Deficit)	-	2,525,263	30.18%	(1,007,335)	114.54%
Police Education Fund -101	Budget	YTD Actual	% Used	Remaining	% Remaining
YTD Total Revenues	9,000	1,160	12.89%	7,840	87.11%
YTD Total Expenditures	9,000	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	1,160	12.89%	7,840	87.11%

Convention Development Fund - 105

	Budget	YTD Actual	% Used	Remaining	% Remaining
YTD Total Revenues	93,000	3,602	3.87%	89,398	96.13%
YTD Total Expenditures	93,000	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	3,602	3.87%	89,398	96.13%

Fines & Forfeiture Fund - 106

	Budget	YTD Actual	% Used	Remaining	% Remaining
YTD Total Revenues	93,000	5,373	5.78%	87,627	94.22%
YTD Total Expenditures	93,000	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	5,373	5.78%	87,627	94.22%

Local Option Gas Tax Fund - 107

	Budget	YTD Actual	% Used	Remaining	% Remaining
Gas Tax	380,000	98,548	25.93%	281,452	74.07%
Appropriated Fund Balance	660,000	-	0.00%	660,000	100.00%
YTD Total Revenues	1,040,000	98,548	9.48%	941,452	90.52%
YTD Total Expenditures	1,040,000	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	98,548	9.48%	941,452	90.52%

Communication Trust Fund - 108

	Budget	YTD Actual	% Used	Remaining	% Remaining
Radio Communication	10,000	3,595	35.95%	6,405	64.05%
Appropriated Fund Balance	43,000	-	0.00%	43,000	100.00%
YTD Total Revenues	53,000	3,595	35.95%	49,405	93.22%
YTD Total Expenditures	53,000	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	3,595	35.95%	49,405	93.22%

Better Jax 1/2 Cent Tax Fund - 109

	Budget	YTD Actual	% Used	Remaining	% Remaining
Better Jax 1/2 Cent Tax	655,000	168,020	25.65%	486,980	74.35%
Appropriated Fund Balance	1,096,500	-	0.00%	1,096,500	100.00%
YTD Total Revenues	1,751,500	168,020	9.59%	1,583,480	90.41%
YTD Total Expenditures	1,751,500	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	168,020	9.59%	1,583,480	90.41%

Holiday Decoration Fund - 110

	Budget	YTD Actual	% Used	Remaining	% Remaining
Donations	8,000	8,000	100.00%	-	0.00%
Appropriated Fund Balance	12,000	-	0.00%	12,000	100.00%
YTD Total Revenues	20,000	8,000	100.00%	12,000	60.00%
YTD Total Expenditures	20,000	11,001	55.00%	8,999	45.00%
YTD Surplus/(Deficit)	-	(3,001)	155.00%	3,001	15.00%

Street Improvement Fund -111

	Budget	YTD Actual	% Used	Remaining	% Remaining
8th Cent Gas Tax	75,000	27,059	36.08%	47,941	63.92%
Appropriated Fund Balance	-	-	0.00%	-	0.00%
YTD Total Revenues	75,000	27,059	36.08%	47,941	63.92%
YTD Total Expenditures	75,000	-	0.00%	75,000	100.00%
YTD Surplus/(Deficit)	-	27,059	36.08%	(27,059)	-36.08%

Opioid Settlement Fund - 112

	Budget	YTD Actual	% Used	Remaining	% Remaining
Opioid Settlement Revenues	45,000	706	1.57%	44,294	98.43%
Appropriated Fund Balance	-	-	0.00%	-	0.00%
YTD Total Revenues	45,000	706	1.57%	44,294	98.43%
YTD Total Expenditures	45,000	-	0.00%	45,000	100.00%
YTD Surplus/(Deficit)	-	706	1.57%	(706)	-1.57%

SZSC Crossing Guard Fund - 113

	Budget	YTD Actual	% Used	Remaining	% Remaining
Revenues	-	4,870	0.00%	(4,870)	0.00%
YTD Total Revenues	-	4,870	0.00%	(4,870)	0.00%
YTD Total Expenditures	-	-	0.00%	-	0.00%
YTD Surplus/(Deficit)	-	4,870	0.00%	(4,870)	0.00%

YTD Special Revenues-Total Revenues	3,179,500	320,932	10.09%	2,858,568	89.91%
YTD Special Revenues-Total Expenditures	3,179,500	11,001	0.35%	128,999	4.06%
YTD Special Revenue - Surplus/(Deficit)	-	309,931		2,729,569	

Water & Sewer Fund 401

Revenues	Budget	YTD Actual	% Used	Remaining	% Remaining
Interest	2,500	-	0.00%	2,500	100.00%
Water Charges	1,655,950	262,403	15.85%	1,393,547	84.15%
Sewer Charges	2,897,065	472,681	16.32%	2,424,384	83.68%
Set-Up Fees	5,000	1,996	39.92%	3,004	60.08%
Miscellaneous	60,800	17,713	29.13%	43,087	70.87%
Appropriated Fund Balance	1,724,856	1,724,856	100.00%	-	0.00%
Total Revenue	6,346,171	2,479,649	39.07%	3,866,522	60.93%
Expenses					
Administration	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	284,085	76,509	26.93%	207,576	73.07%
Operations	207,410	24,463	11.79%	182,947	88.21%
Capital Outlay	115,000	-	0.00%	115,000	100.00%
Debt Service	340,586	-	0.00%	340,586	100.00%
G&A Allocation	55,503	14,943	26.92%	40,560	73.08%
OVH Allocation	72,007	19,387	26.92%	52,621	73.08%
Total Expenses-Administration	1,074,591	135,301	12.59%	939,290	87.41%
Sewer	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	688,966	176,572	25.63%	512,394	74.37%
Operations	1,133,831	151,981	13.40%	981,850	86.60%
Capital Outlay	1,342,055	442,018	32.94%	900,037	67.06%
G&A Allocation	267,052	71,899	26.92%	195,153	73.08%
OVH Allocation	205,844	55,420	26.92%	150,424	73.08%
Total Expenses-Sewer	3,637,748	897,890	24.68%	2,739,858	75.32%
Water	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	445,717	130,305	29.23%	315,412	70.77%
Operations	657,848	101,597	15.44%	556,251	84.56%
Capital Outlay	307,160	165,370	53.84%	141,790	46.16%
G&A Allocation	161,680	43,529	26.92%	118,151	73.08%
OVH Allocation	124,623	33,552	26.92%	91,071	73.08%
Total Expenses-Water	1,697,028	474,354	27.95%	1,222,674	72.05%
Total Revenue-Water & Sewer	6,346,171	2,479,649	39.07%	3,866,522	60.93%
Total Expenses-Water & Sewer	6,409,367	1,507,545	23.52%	4,901,822	76.48%
	(63,196)	972,105	60.80%	1,035,301	78.88%

Sanitation Fund - 430

Revenues	Budget	YTD Actual	% Used	Remaining	% Remaining
Garbage Pickup	2,498,314	385,190	15.42%	2,113,124	84.58%
Tipping Fees	36,500	9,090	24.90%	27,410	75.10%
Revenue Total - Sanitation	2,534,814	394,280	15.55%	2,140,534	84.45%
Expenditures					
Personnel Services	-	-	0.00%	-	0.00%
Operations	2,099,519	337,389	16.07%	1,762,130	83.93%
G&A Allocation	299,618	80,666	26.92%	218,952	73.08%
OVH Allocation	211,905	57,051	26.92%	154,854	73.08%
Expenditures Total	2,611,042	475,106	18.20%	2,135,936	81.80%
YTD Sanitation - Surplus/(Deficit)	(76,228)	(80,827)	-2.64%	4,599	0.18%

Stormwater Utility Fund - 441

Revenues	Budget	YTD Actual	% Used	Remaining	% Remaining
Utility Fees	1,275,000	196,076	15.38%	1,078,924	84.62%
Appropriated Fund Balance	1,620,441	-	0.00%	1,620,441	100.00%
Revenue Total - Senior Center	2,895,441	196,076	6.77%	2,699,365	93.23%
Expenditures					
Personnel Services	304,142	47,376	15.58%	256,766	84.42%
Operations	435,860	48,428	11.11%	387,432	88.89%
Improvement-Infrastructure	1,921,000	264,662	13.78%	1,656,338	86.22%
G&A Allocation	99,946	26,909	26.92%	73,037	73.08%
OVH Allocation	169,092	45,525	26.92%	123,567	73.08%
Expenditures Total	2,930,040	432,900	14.77%	2,497,140	85.23%
YTD Sanitation - Surplus/(Deficit)	(34,599)	(236,824)	-8.00%	202,225	6.90%

Paid Parking Fund-500

Revenues	Budget	YTD Actual	% Used	Remaining	% Remaining
Interest	55,000	-	0.00%	55,000	100.00%
Citations	10,000	538	5.38%	9,462	94.62%
EV Stations	8,000	-	0.00%	8,000	100.00%
Parking Fees	910,000	249,908	27.46%	660,092	72.54%
Total Revenue	983,000	250,446	25.48%	732,554	74.52%
Expenses					
Administration	Budget	YTD Actual	% Used	Remaining	% Remaining
Personnel Services	110,668	24,524	22.16%	86,144	77.84%
Operations	221,959	25,787	11.62%	196,172	88.38%
Capital Outlay	30,000	-	0.00%	30,000	100.00%
G&A Allocation	47,140	12,692	26.92%	34,448	73.08%

Total Expenses Before Transfers	409,767	63,002	15.38%	346,765	84.62%
Transfer to General Fund	295,000	-	-	295,000	100.00%
Total Expenses After Transfers	704,767	63,002	15.38%	641,765	91.06%
Total Revenue	983,000	250,446	25.48%	732,554	74.52%
YTD Paid Parking - Surplus/(Deficit)	278,233	187,444	10.10%	90,789	-16.54%

Senior Center - 103

Revenues	Budget	YTD Actual	% Used	Remaining	% Remaining
Donations	85,360	11,520	13.50%	73,840	86.50%
Donations In-kind	11,062	91	0.82%	10,971	99.18%
CDBG	48,000	-	0.00%	48,000	100.00%
Class Fees	35,000	4,711	13.46%	30,289	86.54%
Travel Fees	36,328	3,390	9.33%	32,938	90.67%
Revenue Total - Senior Center	215,750	19,712	9.14%	196,038	90.86%
Expenditures					
Personnel Services	108,315	26,924	24.86%	81,391	75.14%
Operations	80,141	8,069	10.07%	72,072	89.93%
G&A Allocations	27,294	7,348	26.92%	19,946	73.08%
Expenditures Total	215,750	42,341	19.63%	173,409	80.37%
YTD Senior Center - Surplus/(Deficit)	-	(22,629)	-10.49%	22,629	10.49%

Information Technology - 510

Revenues	Budget	YTD Actual	% Used	Remaining	% Remaining
IT Services Fees	644,300	161,075	25.00%	483,225	75.00%
Transfer from Other Funds	450,000	-	0.00%	450,000	100.00%
Revenue Total - Information Technology	1,094,300	161,075	14.72%	933,225	85.28%
Expenditures					
Personnel Services	335,760	75,535	22.50%	260,225	77.50%
Operations	226,392	32,392	14.31%	194,000	85.69%
Improvements-Infrastructure	450,000	-	0.00%	450,000	100.00%
G&A Allocations	82,148	15,798	19.23%	66,350	80.77%
Expenditures Total	1,094,300	123,725	11.31%	520,575	47.57%
Information Technology - Surplus/(Deficit)	-	37,350	3.41%	412,650	37.71%

Enterprise Funds Summary

Revenues	12,975,176	2,527,178	19.48%	10,447,998	80.52%
Expenses	12,575,966	1,943,104	15.45%	10,632,862	84.55%
Surplus/(Deficit)	399,210	584,074	146.3%	(184,864)	-46.31%

City-Wide Summary	Budget	Actual	Actual %	Remaining	Remaining %
Revenues					
General Fund	11,731,984	4,803,860	40.95%	6,928,124	59.05%
Special Revenue Funds	3,179,500	320,932	10.09%	2,858,568	89.91%
Enterprise Funds	12,975,176	2,527,178	19.48%	10,447,998	80.52%
Total	27,886,660	7,651,970	27.44%	20,234,690	72.56%
Expenditures/Expenses					
General Fund	11,731,984	2,278,597	19.42%	9,453,387	80.58%
Special Revenue Funds	3,179,500	11,001	0.35%	3,168,499	99.65%
Enterprise Funds	12,575,966	1,943,104	15.45%	10,632,862	84.55%
Total	27,487,450	4,232,702	15.40%	23,254,748	84.60%
YTD - Surplus/(Deficit)	399,210	3,419,268	856.51%	(3,020,058)	-756.51%

RE: CPI

From David Searcy <dsearcy@wasteprousa.com>

Date Tue 12/30/2025 3:27 PM

To Jaime Hernandez <jhernandez@nbfl.us>; Cheryl Bäck <cback@nbfl.us>

Cc Richard Pike <cop@nbfl.us>

CAUTION This email originated from outside the organization. Do NOT click links or open attachments unless you recognize the sender and know the content is safe.

Thank you again, Jaime.

From: Jaime Hernandez <jhernandez@nbfl.us>
Sent: Tuesday, December 30, 2025 3:21 PM
To: David Searcy <dsearcy@wasteprousa.com>; Cheryl Bäck <cback@nbfl.us>
Cc: Richard Pike <cop@nbfl.us>
Subject: Re: CPI

CAUTION: This is an external email. Do not click links or open attachments unless you recognize the sender and know the content is safe.

David,

Yes, we can use this data as official confirmation.

Regards,

Jaime F Hernandez, MBA

Chief Financial Officer

City of Neptune Beach

116 First Street

Neptune Beach, FL 32266

Main: 904-270-2400 X24

Mobile: 904-749-0063



From: David Searcy <dsearcy@wasteprousa.com>
Sent: Tuesday, December 30, 2025 3:07 PM
To: Jaime Hernandez <jhernandez@nbfl.us>; Cheryl Bäck <cback@nbfl.us>

Cc: Richard Pike <cop@nbfl.us>

Subject: RE: CPI

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Thank you, Jaime. Can this information be used as our official request or would you like for us to submit it in a different email?

From: Jaime Hernandez <jhernandez@nbfl.us>

Sent: Tuesday, December 30, 2025 2:54 PM

To: Cheryl Bäck <cback@nbfl.us>; David Searcy <dsearcy@wasteprousa.com>

Cc: Richard Pike <cop@nbfl.us>

Subject: Re: CPI

CAUTION: This is an external email. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon,

The CPI calculation of 5% as percentage of change from the prior year is acceptable. Section 4.5 – Modification to Rates states that “Contractor shall increase the rates for services effective on each anniversary date of this contract in the amount equal to the percentage increases in the CPI for All Urban Consumers, using the most recently **available trailing 12-month** average.” Since the 12-month trailing is interrupted, I use the two years starting October 1, 2023, and ending September 30, 2025. The CPI price increase calculation came the same as yours, 5% change.

Regards,

Jaime F Hernandez, MBA

Chief Financial Officer

City of Neptune Beach

116 First Street

Neptune Beach, FL 32266

Main: 904-270-2400 X24

Mobile: 904-749-0063



From: Cheryl Bäck <cback@nbfl.us>
Sent: Tuesday, December 30, 2025 8:35 AM
To: dsearcy@wasteprousa.com <dsearcy@wasteprousa.com>
Cc: Jaime Hernandez <jhernandez@nbfl.us>; Richard Pike <cop@nbfl.us>
Subject: RE: CPI

Good Morning, David,

Thanks for sending this. Our CFO is currently reviewing the information.

Cheryl L. Bäck
Asst. to the City Manager
City of Neptune Beach
116 First Street
Neptune Beach, FL 32266
904-270-2400



From: David Searcy <dsearcy@wasteprousa.com>
Sent: Monday, December 29, 2025 12:54 PM
To: Richard Pike <cop@nbfl.us>
Cc: Cheryl Bäck <cback@nbfl.us>
Subject: FW: CPI

CAUTION This email originated from outside the organization. Do NOT click links or open attachments unless you recognize the sender and know the content is safe.

Richard, I have attached the excel spreadsheet that our controller is working from. Cheryl can give me a call with any questions that she may have. I will get her answers as quickly as possible. Thank you for your help with this and sorry for the fire drill.

From: David Searcy
Sent: Monday, December 29, 2025 12:26 PM
To: Cheryl Bäck <cback@nbfl.us>
Subject: CPI

Good afternoon, Cheryl.

I have a question about our CPI. Can you give me a call when you have a moment. Thank you.

Consumer Price Index for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUSR0000SEHG
Seasonally Adjusted
Series Title: Water and sewer and trash collection services in U.S. city average,
Area: U.S. city average
Item: Water and sewer and trash collection services
Base Period: DECEMBER 1997=100
Years: 2023 to 2025

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	281.461	283.663	284.166	285.052	286.322	287.457	289.005	290.975	291.279	291.683	292.694	292.915
2024	297.079	298.751	299.183	300.178	299.987	300.652	302.106	303.311	305.117	306.336	308.015	308.234
2025	310.239	313.344	313.925	314.820	315.585	316.851	318.244	319.403	319.867		321.363	

2025 Average	314.991
2024 Average	299.859
Increase	15.13
% Increase	5.05%

Aniversary Date:	9/6/2025
2025 Average	313.739
2024 Average	298.638
Increase	15.10
% Increase	5.06%

**AMENDMENT TO CITY OF NEPTUNE BEACH
MUNICIPAL SOLID WASTE SERVICES CONTRACT**

THIS AMENDMENT TO CITY OF NEPTUNE BEACH MUNICIPAL SOLID WASTE SERVICES CONTRACT (this "**Amendment**") is entered into as of the date of last signature below (the "Effective Date") by and among between the **CITY OF NEPTUNE BEACH, FLORIDA** (the "City"), and **WASTE PRO OF FLORIDA, INC.** ("Contractor") in order to provide the following amendments to that certain City of Neptune Beach Municipal Solid Waste Services Contract between City and Contractor dated September 6, 2016 (the "Contract"). Capitalized terms used within this Amendment without definition have the meanings given thereto in the Contract.

RECITALS

A. The City and Contractor entered into the Contract for purposes municipal solid waste services as described in the Contract.

B. The initial term of the Contract was scheduled to expire on October 31, 2023 and the City and Contractor previously agreed to extend such term to November 30, 2023.

C. Seller and Buyer desire to memorialize the above extension, provide for an additional extension, update the rates to be charged, and to make other changes to the Contract.

NOW THEREFORE, in consideration of the mutual promises contained in this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, with the intention to be legally bound, agree as follows:

1. The background is incorporated.
2. The City and Contractor adopt and confirm the extension of the initial term to November 30, 2023.
3. A dispute arose between the City and Contractor regarding respective amounts owed between the parties for the Fuel Recovery Fee and the Franchise Fee. The parties agree that the City owes Contractor \$169,310.13 when a net analysis of such figures is made. In consideration of this Amendment and the terms contained herein, the City and Contractor agree to release each other of any claims related to the Fuel Recovery Fee and Franchise Fee. City releases Contractor, and Contractor releases City, with such releases extending to each party's predecessors, successors, officers, employees, agents, insurers, lenders, heirs, and assigns, and any related persons or parties, from any and all manners of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims, warranties and demands whatsoever, in law or in equity, for, regarding or relating to the dispute over the Fuel Recovery Fee and the Franchise Fee.
4. Contractor will routinely pressure wash and deodorize the trash compactor at the Town Center every sixty (60) days.

5. Exhibit C shall be replaced with the attached Exhibit C.
6. The City and Contractor agree to the following changes to the Contract:
 - a. The term set forth in Section 4 on the first page is amended to provide “December 1, 2023 until November 30, 2029”.
 - b. In Section 5 on the first page, strike the first sentence and replace it with the following: “At the mutual option of the City and Contractor, this Contract may be extended for three (3) year periods by either party giving written notice to the other party of its desire to so extend the Contract no later than one hundred eighty (180) days prior to the end of the initial or any extended period hereunder.”
 - c. In Section 5 on the first page, add after the second sentence: “If the receiving party has not provided such written notice, the parties may continue to negotiate without a need for formal extension of such period.”
 - d. In Section 3.3, replace “City shall publish at its expense at least once during each calendar year a map of the Residential Unit collection routes in the newspaper published of such size to clearly show all pertinent information” with “Upon any change to Residential Unit collection routes, City shall provide notice of such change to impacted customers with its utility bill mailing or by separate mailing.”
 - e. In Section 3.13, add “Contractor shall commence efforts to clean up the litter caused by the spillage within one day of notice of such spillage.”
 - f. The Fuel Recovery Fee set forth in Section 4.3(a)(i) is stricken in its entirety.
 - g. In Section 4.4 add the following language after the first sentence: “In the event the tipping fee is increased above the amount charged when this Amendment is executed, any such increase shall be paid by the City.”
 - h. Add the following to the end of Section 4.5: “Notwithstanding anything to the contrary, and subject to the last paragraph of this Section 4.5, rates shall not increase in an amount greater than six percent (6%) in any single year. If the CPI increase exceeds six percent (6%) in any single year, Contractor shall be entitled to retain the right to apply any excess to future years so long as the increase any single year is not greater than six percent (6%) of the prior year. For example, if in Year 1, the increase in CPI is seven percent (7%), then the rate shall increase six percent (6%) and Contractor shall carry over one percent (1%). If the increase in CPI in Year 2 is five percent, then the rate will increase by six percent (6%), accounting for both the banked increase from Year 1 and the Year 2 increase. Banked increases shall carryover until such time as they are used or the term expires.

The Contractor may petition the City for a rate adjustment on the basis of extraordinary or unusual changes in the costs of its operations that could not be reasonably foreseen by a prudent person. Contractor’s petition shall contain a detailed justification for any rate adjustment. Among other things, the Contractor’s petition shall include an audited statement of Contractor’s historical and current expenses, demonstrating that the Contractor has incurred an extraordinary increase in Contractor’s costs due to factors

beyond Contractor's control, which have occurred through no fault or negligence of Contractor. The audited statement shall be prepared by a certified public accountant that is licensed at the State of Florida and not an employee of Contractor or its affiliates. At its expense, the City may audit the Contractor's records to evaluate the Contractor's request. The Contractor shall be given a reasonable opportunity to explain the grounds for its petition at a public meeting conducted by the City. The determination of whether to grant the petition shall be in the exclusive discretion of the City."

- i. In Section 4.9, replace "ninety (90) days" with "twelve (12) months."
- j. Section 5 is stricken in its entirety and replaced with the following language:
"The Contractor shall have a disaster response plan for the removal and disposal of excessive amounts of debris and/or refuse accumulated by reason of a storm event, natural disaster, severe weather disturbance, riot or other calamity. The Contractor's emergency response plan shall have operation details and unit pricing. Should an event as described above occur, the City and the Contractor shall meet as soon as practical to determine the capacity and ability of the Contractor to respond and formulate and agree upon a service and clean-up plan. Contractor agrees to provide a copy of such plan to the City and to provide updated versions when adopted from time to time. City shall notify Contractor as to what information is required in order for Contractor to be reimbursed by the City."
- k. In Section 6, "the City's Easter in the Park and Christmas in the Park events" is replaced with "such public events sponsored by the City as identified by the City".
- l. References to the "initial term" in Section 14.1 shall be stricken and such provision shall apply to any term of the Contract.
- m. The second sentence of Section 15 is deleted and is replaced with "City shall be liable for all lost or damage to such equipment (except for normal wear and tear and for loss or damage resulting from Contractor's handling of the equipment) caused by any matters for which the City is responsible for maintenance."

7. This Amendment shall be deemed part of, but shall take precedence over and supersede any provisions to the contrary in the Contract. Except as specifically modified by this Amendment, all the provisions of the Contract remain unmodified and in full force and effect and is hereby ratified and reaffirmed by the parties. Any and all references in the Contract to "this Agreement" or "this Contract" shall constitute references to the Contract as amended by this Amendment. Unless defined herein, capitalized terms shall have the same meaning as in the Contract.

8. This Amendment may not be amended or discharged except by an instrument in writing duly executed by all of the parties to this Amendment.

9. This Amendment may be executed in several counterparts with the same effect as if all the parties to hereto had signed the same document. All counterparts shall be construed together and shall constitute one agreement. The delivery of an executed counterpart by facsimile or other means of electronic transmission (such as the delivery of a "pdf" copy by e-mail delivery) shall constitute the delivery of an originally executed counterpart.

EXHIBIT C

CONTRACTOR'S PRICING

<u>SERVICE TYPE</u>	<u>SERVICE LEVEL</u>	<u>RATE</u>
Residential Solid Waste	2 times per week	\$32.60
Recycling	1 time per week	
Yard Waste	1 time per week	
Bulk	1 time per week	
Sludge	As needed	\$859.00 Per Haul & Disposal
Commercial	As needed	\$9.50 Per Cubic Yard
Roll-off	As needed	\$859.00 Per Haul & Disposal

IN WITNESS WHEREOF, the City and Contractor have executed this Amendment as of the Effective Date.

**WASTE PRO OF FLORIDA, INC.,
a Florida corporation**

7-11-2023
Dated

By: [Signature]
Printed Name: Tim Williams
Its: Division Manager

[Signature]
Witness
Print: Maria Brewer

[Signature]
Witness
Print: Phil Kuenstle

CITY OF NEPTUNE BEACH

ATTEST:

[Signature]
Catherine Ponson, Clerk

[Signature]
Richard Pike, Interim City Manager

[Signature]
Witness
Print: Cheryl L. Bäck

[Signature]
Witness
Print: Jillian E. McCann

Approved as to correctness of form:

[Signature]
Zachary Roth, City Attorney

SPONSORED BY:

MAYOR CORRINE A. BYLUND



Item #2e

ORDINANCE NO. 2026-01

A BILL TO BE ENTITLED

AN ORDINANCE OF THE CITY OF NEPTUNE BEACH, FLORIDA, AMENDING DIVISION 4. FINANCE AND AUDITOR SELECTION COMMITTEE; PROVIDING CODIFICATION, CONFLICTS, SEVERABILITY, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Finance and Auditor Selection Committee was established by the City Council to perform statutory duties as required by Section 218.391, Florida Statutes to establish specific auditor firm selection processes and procedures; and

WHEREAS, the Finance and Auditor Selection Committee reviews and makes recommendations regarding non-pension investment, debt or asset management strategies; recommends guidelines regarding the City's debt, investment and other financial management policies; and, considers financial matters, including appropriations; budgets; budgetary transfers; financial reporting, bonds; fiscal and investment policies; and,

WHEREAS, fiscal accountability is necessary to ensure good government and to minimize financial burdens on the taxpayer; and

WHEREAS, all levels of government should continue to work to eliminate unnecessary and inappropriate spending; and

WHEREAS, it is the intent of this Ordinance to change the meeting schedule from monthly to quarterly. It is also the intent of this Ordinance to eliminate the one-year sunset provision and replace it with dissolution and termination of certain duties Finance and Auditor Selection Committee by a majority vote of City Council.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL ON BEHALF OF THE PEOPLE OF THE CITY OF NEPTUNE BEACH, FLORIDA that:

SECTION 1. Chapter 2., Article VII of the Code of Ordinances, City of Neptune Beach, Florida is hereby amended to read as follows: (~~struckthrough~~ text shall mean deletions and underlined / highlighted text shall mean additions):

DIVISION 4. FINANCE AND AUDITOR SELECTION COMMITTEE

Sec. 2-488. Meetings.

The finance and auditor selection committee shall hold at least one (1) meeting per **month fiscal quarter** or any time otherwise deemed necessary by the finance and auditor selection committee or as directed by the city council. Meetings of the finance and auditor selection committee shall be conducted during normal office hours (between the hours of 8:00 a.m. and 5:00 p.m.). Meetings of the finance and auditor selection committee shall be held in City Hall unless it is necessary to change locations for providing public access and previous notice is properly published. Members of the finance and auditor selection committee are expected to attend each committee meeting in person. More than three (3) unexcused absences in a rolling twelve-month period shall be grounds for removal for cause. All meetings of the finance and auditor selection committee shall be publicly noticed and an agenda shall be published at least five (5) days prior to the meeting. The city clerk or their designee shall record audio of the meetings and shall prepare meeting minutes.

Sec. 2-491. Expiration.

Sections 2-489(b) Other powers and duties, 2-490 Annual report and recommendations to the City Council, and all other provisions of division 4, Finance and Auditor Selection Committee, unrelated to those powers and duties established by F.S. § 218.391, shall terminate **thirty (30) calendar days after one (1) year of the adoption date of Ordinance 2025-04 upon majority vote of the City Council.**

SECTION 2. Codification. The provisions of this Ordinance shall become and be made a part of the *Code of Ordinances of the City of Neptune Beach, Florida* and the sections of this Ordinance may be renumbered or re-lettered to accomplish such intention and the word “Ordinance”, or similar words, may be changed to “Section,” “Article”, or other appropriate word; provided, however, that Sections Three, Four, Five, and Six shall not be codified.

SECTION 3. Conflict. All ordinances, resolutions, official determinations, or parts thereof previously adopted or entered by the City or any of its officials and in conflict with this ordinance are repealed to the extent inconsistent herewith.

SECTION 4. Severability. If a Court of competent jurisdiction at any time finds any provision of this Ordinance to be unlawful, illegal, or unenforceable, the offending provision shall be deemed severable and removed from the remaining provisions of this Ordinance which shall remain in full force and intact.

SECTION 5. Effective Date. This ordinance shall immediately take effect upon second reading and approval.

(ADOPTION PAGE FOLLOWS)

VOTE RESULTS OF FIRST READING:

Mayor Corrine A. Bylund _____
Vice Mayor Nia Livingston _____
Councilor Josh Messinger _____
Councilor Brent Rogers _____
Councilor Tim Horvath _____

Passed at First Reading this ____ day of _____, 2026.

VOTE RESULTS OF SECOND READING:

Mayor Corrine A. Bylund _____
Vice Mayor Nia Livingston _____
Councilor Josh Messinger _____
Councilor Brent Rogers _____
Councilor Tim Horvath _____

Passed at Second and Final Reading this ____ day of _____, 2026.

Corrine A. Bylund, Mayor

ATTEST:

Catherine Ponson, City Clerk

Approved as to form and content:



Paul Waters, City Attorney

Capital Improvement Plans Water / Sewer and Stormwater Enterprise Funds

Presented to Finance Committee

January 16, 2026



Enterprise Funds Discussion

- Provide Council with information regarding the Water and Sewer and Stormwater enterprise funds
- Regulatory, age of assets, capacity and future needs-related items
- Development of Capital Improvement Plan (CIP) for both utilities
- Decisions will drive funding decisions

Water and Sewer Enterprise Fund

Senate Bill 64

- Florida Statute 403.064, Reuse of Reclaimed Water
 - Commonly known as Senate Bill 64
 - CONB impact estimated at \$14M
- Legislature recognized potential future potable water shortfalls
- Encourages communities to reuse effluent for irrigation and as a source of potable water
- Requires that disposal of treated effluent to surface waters be eliminated by January 2032
 - Florida Rural Water Association has been unsuccessful in lobbying for member relief
 - Following initial compliance plan submittal to FDEP, annual updates on plan implementation are required

Senate Bill 64

- JEA's Nassau County Deep Injection Well
 - \$10.9M (about \$9M for construction, \$1.6M engineering, \$0.3M misc.)
 - At the plant site meant no transmission piping and pumping
- Call in 2023 with Professional Geologist for the project
 - \$10M well was \$5M a few years ago; as SB64 deadline approaches the cost will increase – multiple utilities competing for few drillers
 - Unknown geology...drilling soon at Mayport NAS
 - Saltwater intrusion buffer might mean credits JEA would be willing to buy
- Potential alternative – Discharge into COAB hardwood wetlands currently stressed by saltwater intrusion

Advanced Wastewater Treatment

- Florida Statute 403.086 was amended in 2023 and commonly referred to as House Bill 1379
- Any remaining discharge to surface water (e.g., injection well maintenance) is required to meet Advanced Wastewater Treatment (AWT) standards by January 2033
- After extensive work the wastewater treatment facility returned to permit compliance in 2025 for Nitrogen and Phosphorous, but is not equipped for AWT-level treatment and reliability
- St. Johns River Basin Management Action Plan (BMAP)
 - Lower St. Johns River basin Nitrogen impairment – BMAP rule covers septic tanks and treatment facilities
 - Septic tank phase-out for Nightfall Drive area – 2011 consultant study identified three options (STEP, grinder and gravity) (45 properties); cost range in 2023 dollars of \$566k to \$1.2M. Shadow Lane has approximately ten properties (not studied).
 - FDEP published new BMAP in July 2025 as required by Statute

SB 64 and AWT Probable Costs

- Deep injection well, pumping and pipeline to well site - \$14M
- Discharge to COAB wetlands considerably less
- Upgrades to treatment facility to meet AWT
 - Additional capacity - Budgetary quote of \$7.5M was obtained in 2024 for a membrane treatment plant with capacity of 500,000 gallons per day
 - Potential repurposing of post-chlorination tank
 - Existing facility improvements have not been budgeted (e.g., bar screens, influent pump station, effluent filters, rehab of existing tankage components, plant air header)
 - Bids received in December 2023 for moving facility electrical gear out of the flood plain ranged from \$2.3 – 3.4M

Options Explored

- Discussions with JEA in 2023/2024
 - Acquisition of CONB's utility not financially feasible without acquisition of COAB
 - JEA's utility rebuild plan estimated at \$88M
 - Included SB 64, AWT, new water plant, water and wastewater grid replacement of old and undersized pipes
- Wholesale wastewater treatment agreement with either COJB or COAB
 - Both utilities have sufficient capacity
 - SB 64 implications
 - \$7.5M estimate for force main to COAB; doesn't include pump station at CONB to replace wastewater treatment facility

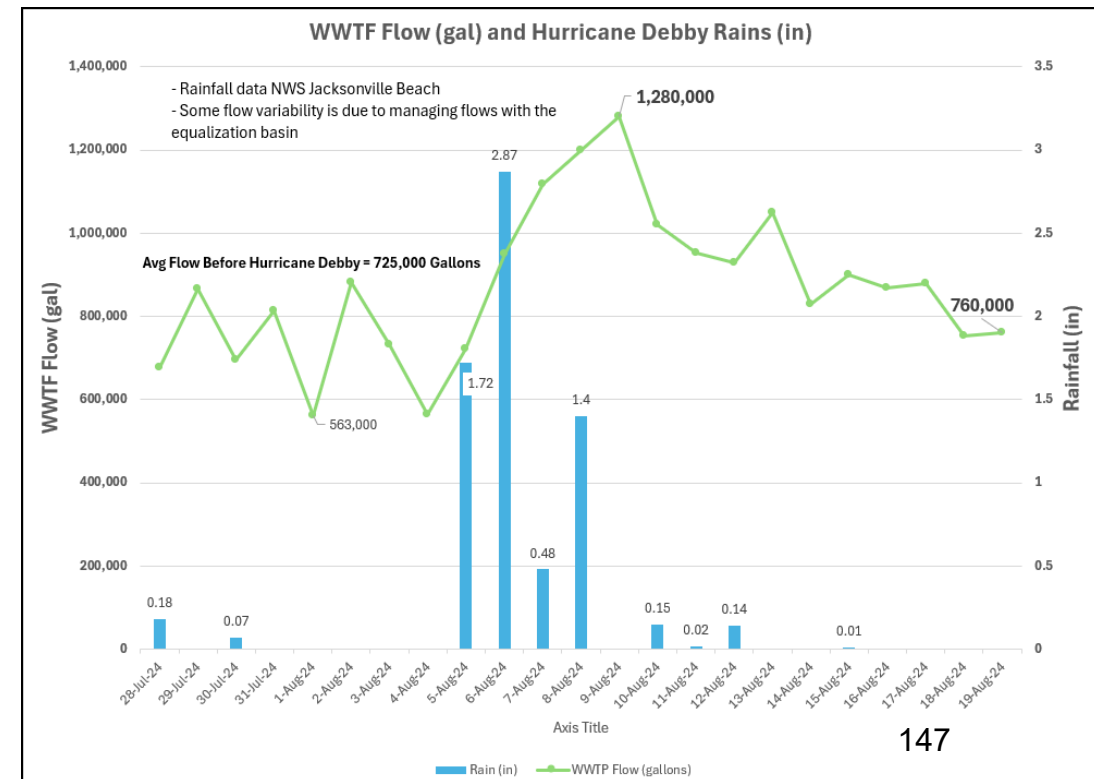
SB 64 and AWT Project Timelines

- Significant time required to choose a consulting engineer, alternatives study, engineering design, permitting and construction of improvements
- Assumes a traditional design, bid, build process

Advanced Wastewater Treatment Facility Improvements			
Begin	End	Months	Item
Mar 2026	Aug 2026	6	Advertise and select consulting engineer
Sep 2026	May 2027	9	Alternatives analysis and preliminary engineering report
Jun 2027	May 2028	12	Design and permitting
Jun 2028	Nov 2028	6	Bid, select contractor and mobilize
Dec 2028	Nov 2030	24	Construction and final acceptance
Deep Injection Well and Conveyance System Assumes agreement with School Board is executed			
Begin	End	Months	Item
Mar 2026	Aug 2026	6	Advertise and select consulting engineer
Sep 2026	Feb 2028	18	Engineering and permitting of well
Mar 2028	May 2028	3	Bid and award to well driller and conveyance contractor
Jun 2028	Nov 2029	18	Construction of well and conveyance system
Dec 2029	Nov 2031	24	Well placed into operation and obtain operation permit

Wastewater Grid

- Piping Health
 - Vitrified Clay (VC) pipe - 11 miles and 33% of total
 - CONB has a high groundwater table; VC is subject to infiltration
 - Large percentage (67%) is PVC, HDPE and CIPP
 - Force main extension to Forest Avenue
- Good news – Pipe breaks are infrequent
- Bad news – Inflow and Infiltration (I&I) are a problem
 - Hurricane Debby response curve is illustrative of typical
 - 0.9 MGD with a 0.7 AADF



Wastewater Grid

- Florida Statute 403.9301 Wastewater Services Projections
 - 20-year needs analysis, updated every five years
 - Include remaining life of assets, projected costs and revenues, and plan to close funding gaps
- FDEP Rule 62-600.705, FAC – Plan must address:
 - Inflow and Infiltration (I&I)
 - Fats/Oils/Grease (FOG)
 - Sanitary Sewer Overflows (SSOs)
 - Sea-level rise, etc.
 - Minimum 25 percent of the collection system evaluated over the five-year planning horizon.

Potable Water Grid

- Piping Needs
 - AC pipe is a considerable percentage of the system (31%)
 - Tuberculation can be an issue for AC and old metal pipes
 - Undersized in some cases – JEA suggested a 12” city-wide loop
 - Upgrades in conjunction with eliminating the water tower and constructing a hurricane-rated plant
 - Pipe breaks are infrequent

	Feet	Miles	Percentage
PVC =	111,156	21	54%
AC =	63,781	12	31%
HDPE =	15,754	3	8%
DI =	14,643	3	7%
Blank =	520	0	0%
CI =	<u>152</u>	0	0%
	206,006	39	

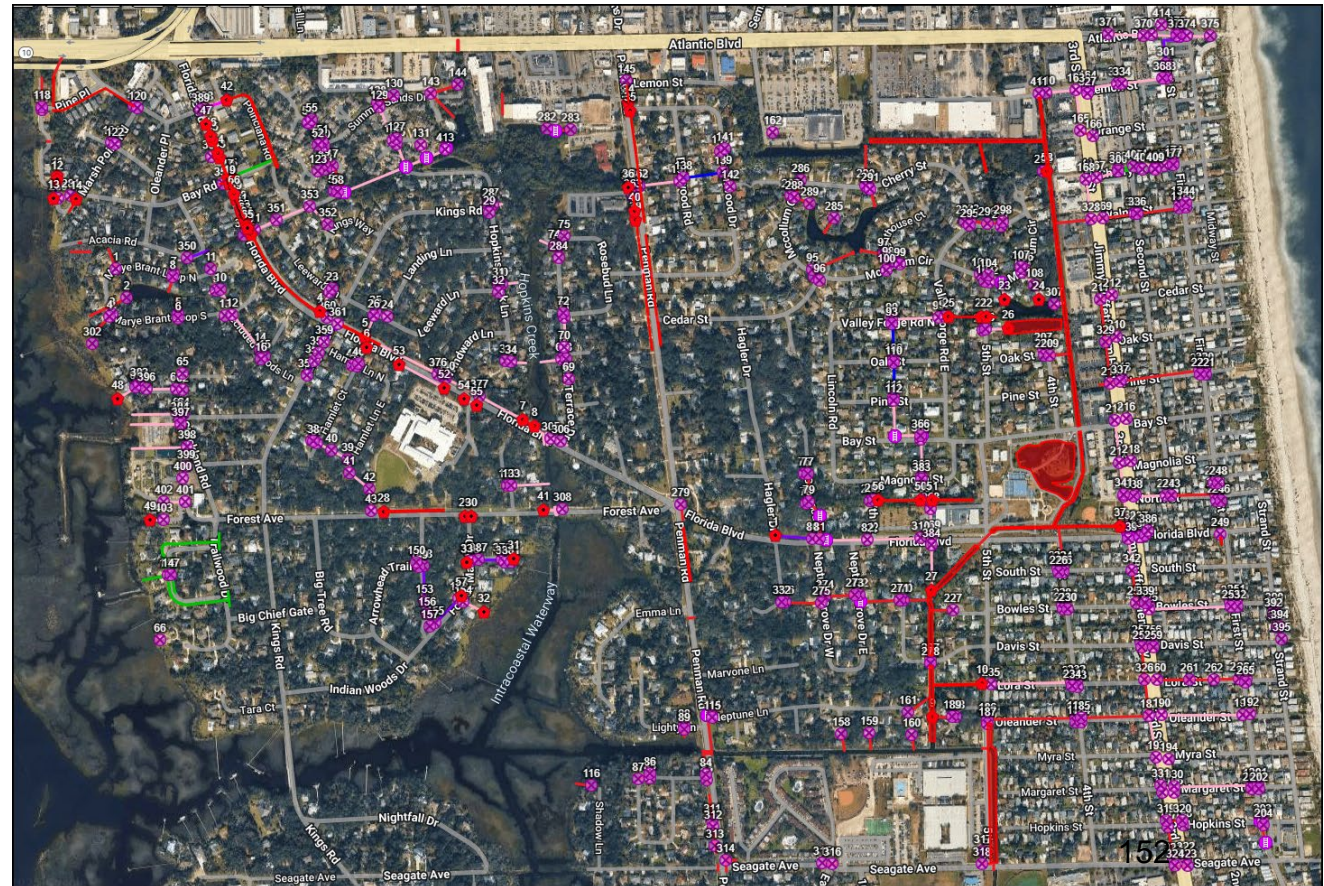
Potable Water Plant

- Plant - Not hurricane-rated
- Ground Storage Reservoirs – Rehabilitation is funded in FY26 (assume \$250k)
- Water Tower – Eliminate and move to pressure control of piping grid with new treatment plant
- Wells
 - Wells 1 and 2 from the early 1900s were abandoned in 2025
 - Wells 3 and 4 constructed in the 1970s; developing a proposal to investigate conditions
 - Well 5 was constructed in 2025

Stormwater Enterprise Fund

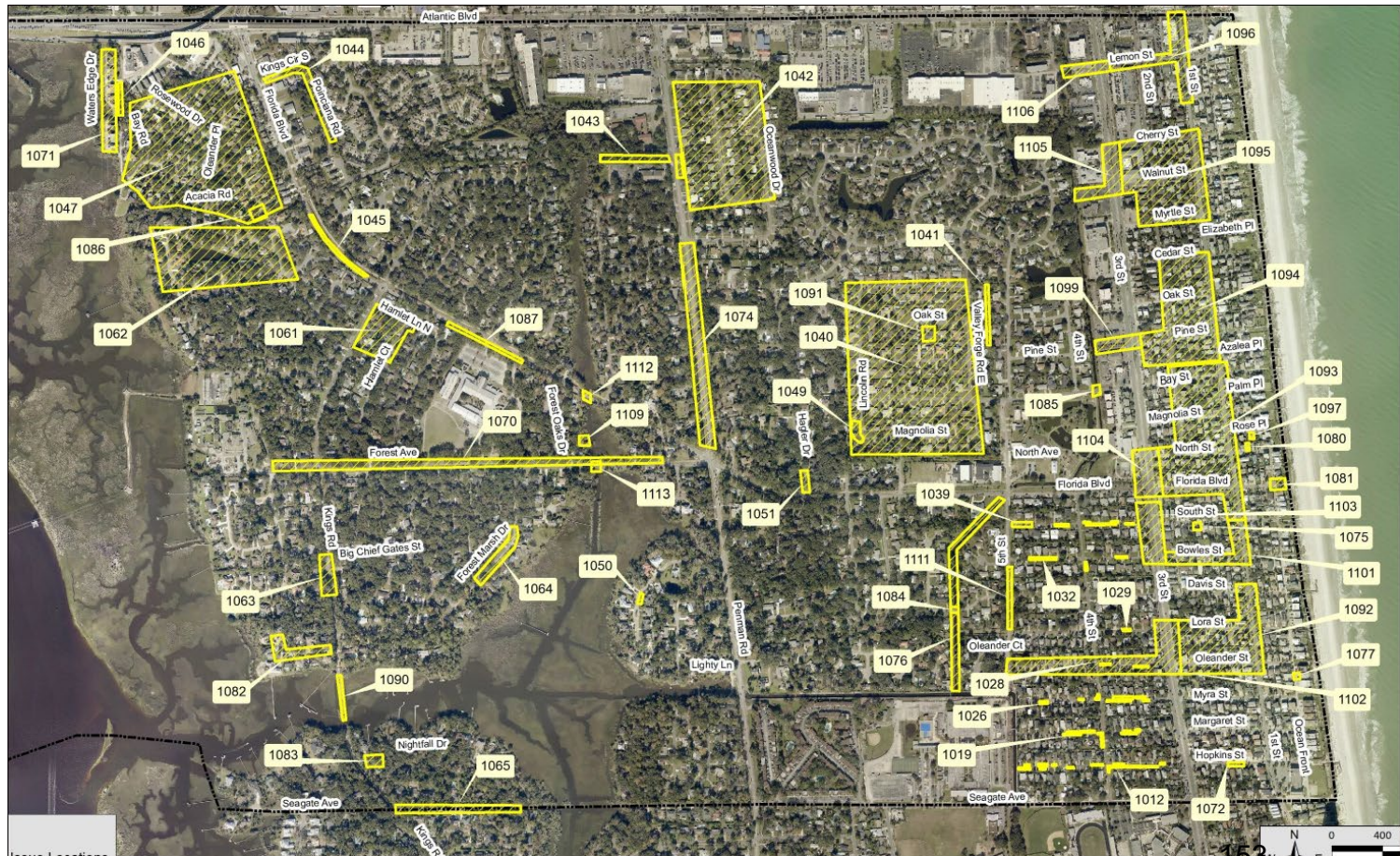
Stormwater

- System size and condition
 - About 10 miles of pipes, manholes and drainage ditches
 - In 2025 cleaned and televised about 4,000 feet of pipe constructed in 1980 or before; no rehab needs were identified
- Florida Statute 403.9302 Stormwater Management Projections
 - 20-year needs analysis, updated every five years. Include remaining life of assets, projected costs and revenues, and plan to close funding gaps



Stormwater

- City-Wide Strategic Plan approved in 2023 by Council
 - Consultant's high-level budget estimate: \$55M in 2023 dollars
 - Included upsizing pipes crossing 3rd Street (\$13.4M) when FDOT constructs improvements
 - FDOT project number recently assigned
 - Required prior to resolving drainage issues east of 3rd



Stormwater

- Jones Edmunds provided a range of potential program spending
- Significant engineering and project management
- Annual fees collected only about \$1.3M
- How to prioritize projects? Downstream first, those without water/sewer component, etc.

Get Busy Stay Busy Plan						
	FY25	FY26	FY27	FY28	FY29	Total
Projects Initiated	2	2	2	1	cleanup	7+
Program Management	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 20,000	\$ 120,000
Design, Permitting, Bidding (includes all subs)	\$ 800,000	\$ 900,000	\$ 950,000	\$ 500,000	\$ 150,000	\$ 3,300,000
Construction Admin / CEI	\$ -	\$ 375,000	\$ 425,000	\$ 450,000	\$ 250,000	\$ 1,500,000
Construction	\$ -	\$ 8,000,000	\$ 9,000,000	\$ 9,500,000	\$ 5,000,000	\$ 31,500,000
Fiscal Year Total	\$ 825,000	\$ 9,300,000	\$10,400,000	\$10,475,000	\$5,420,000	\$ 36,420,000
Show Early Results But Pace Yourselves						
	FY25	FY26	FY27	FY28	FY29	Total
Projects Initiated	2	2	1	cleanup	cleanup	5+
Program Management	\$ 20,000	\$ 20,000	\$ 20,000	\$ 12,500	\$ 10,000	\$ 82,500
Design, Permitting, Bidding (includes all subs)	\$ 800,000	\$ 500,000	\$ 600,000	\$ 200,000	\$ 150,000	\$ 2,250,000
Construction Admin / CEI	\$ -	\$ 375,000	\$ 250,000	\$ 275,000	\$ 100,000	\$ 1,000,000
Construction	\$ -	\$ 8,000,000	\$ 5,000,000	\$ 6,000,000	\$ 2,000,000	\$ 21,000,000
Fiscal Year Total	\$ 820,000	\$ 8,895,000	\$ 5,870,000	\$ 6,487,500	\$2,260,000	\$ 24,332,500
Budget Friendly						
	FY25	FY26	FY27	FY28	FY29	Total
Projects Initiated	2	1	1	cleanup	cleanup	4+
Program Management	\$ 15,000	\$ 10,000	\$ 10,000	\$ 12,500	\$ 7,500	\$ 55,000
Design, Permitting, Bidding (includes all subs)	\$ 600,000	\$ 600,000	\$ 350,000	\$ 150,000	\$ 150,000	\$ 1,850,000
Construction Admin / CEI	\$ -	\$ 275,000	\$ 275,000	\$ 175,000	\$ 75,000	\$ 800,000
Construction	\$ -	\$ 6,000,000	\$ 6,000,000	\$ 3,500,000	\$ 1,500,000	\$ 17,000,000
Fiscal Year Total	\$ 615,000	\$ 6,885,000	\$ 6,635,000	\$ 3,837,500	\$1,732,500	\$419,705,000