

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF NICEVILLE, FLORIDA

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2024

CITY OF NICEVILLE, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2024

Prepared By:

Finance Department

CITY OF NICEVILLE, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2024

CITY COUNCIL 2023-2024

Cathy Alley

Carl Donahoo

Sal Nodjomian

Bill Schaetzle

Doug Stauffer

CITY OFFICIALS

Mayor
Daniel Henkel

City Manager
David Deitch

City Clerk
Wendy Farmer

City Attorney
Steven K. Hall

Director of Public Works
Jonathan Laird

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Honorable Mayor, City Council Members
and Citizens
City of Niceville, Florida

The annual comprehensive financial report of the City of Niceville, Florida (the City) for the fiscal year ended September 30, 2024, is hereby submitted. Responsibility for both the data's accuracy and the presentation's completeness and fairness, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operation of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management's discussion and analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report, located in the financial section.

CITY PROFILE

The City of Niceville has a Council-Manager form of government. In this form of government, the elected Mayor serves as the Council Chairman, presiding at Council meetings, facilitating communication and understanding between elected and appointed officials, and assisting the Council in setting goals and advocating policy decisions. The elected Council is the legislative body and the City's policymakers. Power is centralized in this body which approves the budget and adopts local laws and regulations. The City Council focuses on the community's big-picture goals. The City Council hires and appoints a City Manager based on that person's qualifications, skills, and abilities. The City Manager prepares the budget, recruits, hires, supervises, and terminates government staff, serves as the Council's chief advisor, and carries out policies established by the City Council.

The City provides a full range of services. These services include police and fire protection, protective inspections, emergency and disaster relief, sanitation, construction and maintenance of highways, streets and infrastructure, recreational activities, and cultural events. The City evaluated various other entities associated with the City, for potential inclusion as a component unit within the City's financial statements under Governmental Accounting Standards Board (GASB) criteria established to define the reporting entity. The Niceville-Valparaiso Regional Sewer Board, Inc., the Niceville Housing Authority, and the East Niceville Fire District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. However, the City is a joint venture participant in the Niceville-Valparaiso Regional Sewer Board, Inc. and, as such, does include its respective share of the joint venture profits and losses within the City's Water and Sewer Enterprise Fund.

OKALOOSA COUNTY PROFILE

Okaloosa County (the County) is the “Playground of the Gulf Coast”, which is nestled in the central portion of the 100-mile long “Miracle Strip” area of the Northwest Florida Panhandle. Whether it’s fishing, boating, swimming, sunning, sailing, sports, scuba diving, or just relaxing, we have it all in this land of sunshine!

Our natural, unspoiled, sugar-white beaches are the most beautiful in the world. Blue-green waters lap the brilliant white sands of the Gulf of Mexico, which is why it is called the "Emerald Coast", a true jewel to the eye of the beholder. Quiet bayous, lazy rivers, and thick green forests complement the dazzling shoreline, making this region an all-around place of beauty, enjoyment, and peacefulness.

The County encompasses an area of 1,082 square miles, including 152 square miles of inland waters, and has a total population of approximately 217,882. The incorporated City of Niceville has a population of 16,594. An estimated 34,000 people reside in the entire Niceville area, which includes those living within City limits, plus people living in the nearby unincorporated areas within the 32578-zip code. The Eglin Military Reservation, which surrounds the City on three sides, is the world’s largest air force installation. Its facilities, including undeveloped acreage, are located in the central and southern portions of the County.

This region provides a recreational paradise. The bayous and rivers surrounding Niceville flow into Choctawhatchee Bay, a 30-mile long fisherman’s paradise. Fish commonly found in Choctawhatchee Bay include flounder, blue crab, speckled trout, red fish, mullet, and drum. Eight miles across the bay is the Destin East Pass, which provides deep-sea anglers easy access to the Gulf of Mexico, the breeding ground of much of the South Atlantic’s food and game fish. These same waters offer a sparkling setting for swimming, waterskiing, scuba diving, boating, leisure sailing and competitive racing, and regattas sponsored by many area sailing clubs. The local woods and forests offer camping and hiking trails and facilities as well as excellent deer, turkey, duck, quail, and dove hunting.

There are three outstanding community golf courses. Eglin AFB maintains two courses in the heart of Niceville. Rocky Bayou Country Club has a challenging course in unsurpassed beautiful surroundings, and Bluewater Bay offers 18 holes of golf on one of the best courses in Northwest Florida.

OKALOOSA COUNTY HISTORY

Early Indian cultures, Spanish explorers, and pirates all contributed to the colorful past of this part of Florida. Florida was under colonial rule by Spain from the 16th through 19th centuries, except briefly by Great Britain from 1763 to 1783. In the early 20th century, lumber and naval stores selling tar, pitch, resins, and spirits of turpentine, were abundant in this region. They furnished much of the livelihood for the sparse population. The early pioneers were self-sufficient hunters, farmers, and fishermen with water as their sole means of transportation.

Florida became a U.S. territory in 1821 and was admitted into the Union as the 27th State on March 3, 1845. Okaloosa County was created on September 7, 1915, by an act of Florida Legislature from parts of two other counties. The name “Okaloosa” is an Indian derivation meaning water (oka) and black (lusa). Another Indian derivative means pleasant place.

CLIMATE

One of the area's most valued natural attributes is the semitropical climate. With four mild seasons and an average annual temperature of 67.6 degrees, it provides just enough temperature variation to mark the passing of the seasons. Summer average high temperatures range from 80 to 91 degrees and winter average highs range from 61 to 78 degrees. Rainfall averages 66 inches annually, providing weather conditions conducive to outdoor enjoyment each season.

NICEVILLE AND VALPARAISO - HISTORY AND FACTS

Niceville and Valparaiso, the “Twin Cities”, are surrounded by the majestic waters of Boggy Bayou, Tom’s Bayou, Valparaiso Bay, and Choctawhatchee Bay as well as the boundaries of the Eglin Military Installation. However, these cities share more than just common boundaries. They are united in their civic organizations, Chambers of Commerce, educational programs, and medical facilities for the betterment of their communities.

Moss-laden oaks tower over the clean, sandy bays that produce some of the nation's most delicious mullet. In fact, mullet was the inspiration and centerpiece of the annual “Boggy Bayou Mullet Festival,” a nationally renowned event celebrated in Niceville on the third Friday of each October from 1977 through 2019.

Native American and Spanish predecessors have left a history of romantic folklore. Niceville’s more recent history since the 1800’s tells of a tiny fishing village named Boggy, so named for the bayou on which it was located. The fishing industry thrived on the tasty mullet that resident fishermen and their families salted, sold, traded, and used as food. As the area grew, the name Boggy was deemed unattractive by residents, so on November 5, 1910 the City was renamed Niceville. In 1919, the City was renamed Valparaiso, Spanish for “Vale of Paradise.”

During this time, John B. Perrine was developing a new community, only a mile outside of Valparaiso, on the 16,000 acres he had purchased. Originally hailing from Valparaiso, Indiana, he named his City “New Valparaiso” after his hometown. With similar names, complications developed between the two adjacent communities, particularly affecting mail delivery. In 1925, the situation was rectified when Valparaiso renamed itself Niceville and New Valparaiso became Valparaiso, as they are today. On May 25, 1939, House Bill 1302 was passed by the Florida Senate, establishing the City of Niceville as a municipality.

ECONOMIC CONDITION AND OUTLOOK

The City is in the State's northwestern “Panhandle” area, approximately 50 miles east of Pensacola, in central Okaloosa County. Niceville is adjacent to Eglin Air Force Base (AFB), the world’s largest military reservation encompassing 724 square miles. Eglin AFB is the County’s largest employer, providing many high-paying munitions development and testing jobs. The military’s total economic impact on the County is approximately $10.1 billion annually. Numerous defense industry-affiliated personnel in the area provide high-tech intellectual skills for several businesses. Due to its proximity to Eglin AFB and the above-mentioned defense industry relationship, the City only experiences mild economic recessions compared to other parts of the nation.

Located outside the City is the two-story, 116,000 square-foot Destin-Fort Walton Beach Airport. The Northwest Florida Air Terminal opened a 32,000 square-foot new air terminal, at its current location on State Highway 85 in 1975. It was renamed the Northwest Florida Regional Airport and rebuilt in 2004 with a more spacious passenger terminal, and two longer and wider runways were built to handle the largest jets. On February 17, 2015, Northwest Florida Regional Airport changed its name to Destin-Fort Walton Beach Airport. In September 2022, a 26,000-square-foot airport construction project was completed, primarily funded by Allegiant Airline’s $11.4 million contribution. That project is the new Concourse C on the airport's west side.

Six airlines operating direct flights between the airport and 50 US cities served over 2.2 million passengers during FY23. In late September 2021, Destin-Fort Walton Beach Airport achieved the Global Biorisk Advisory Council (GBAC) STAR accreditation, considered the gold standard for facility cleanliness. The airport has implemented the most stringent protocols for cleaning, disinfection, and infectious disease prevention to accomplish this. The total economic impact made by the Destin-Fort Walton Beach Airport has nearly doubled since the 2019 results were published. Its current $1.6 billion annual estimate is 96% above the 2019 study results of $814 million. Passenger traffic has increased 41% over the same time frame.

The 2022 FDOT study found that the activities at the Destin-Fort Walton Beach Airport are responsible for creating nearly 13,000 jobs, which amount to $507 million in payroll per year. On- and off-airport, military, and visitor spending impacts result in another $1.1 billion each year, as the Destin-Fort Walton Beach Airport continues to serve as a conduit to and from some of the most beautiful beaches and the largest U.S. Air Force installation in the world.

Attributes that make Niceville a wonderful place to live also make it a great place to do business. A diverse population of hardworking, highly skilled, and educated Americans keep business thriving in our beautiful community. For two consecutive years, Niceville was ranked as the safest city in Florida by SafeWise, a home security and safety company. Niceville was ranked as the best place to live by the Smart Travel website in 2016, and the best place to raise kids by Business Week Magazine in 2012. In addition, the active and retired military personnel who live in the area powerfully stimulate the economy. Many residents have served our great nation worldwide and have chosen Niceville and Okaloosa County as the place they prefer to make their home. The sections that follow contain pertinent details concerning labor opportunities for industry and educational achievements of local schools.

LABOR AND INDUSTRY

Opportunities abound for continued or advanced education. The University of West Florida, Troy University, and the University of Florida all have extension centers in Okaloosa County. Northwest Florida State College (NWFSC), located in Niceville, continues to set the standard for labor training with its Costa Leadership Institute, which provides corporate training and consulting for local business and industry, as well as professional development seminars for individuals, to augment the training provided by the college's more than 50 two-year programs of study and eight baccalaureate degree programs offered.

One Okaloosa Economic Development Corporation (the EDC), located at 1170 Martin Luther King, Jr. Blvd., Fort Walton Beach, is the County's primary organization tasked with improving the area's economy by attracting and retaining new, diversified employment opportunities and capital investments. Constituted in 1989, the EDC serves as a non-profit public/private partnership.

Florida's Great Northwest, an independent nonprofit economic development corporation, is housed at the Niceville campus. The organization works to market and brand the 16-county Northwest Florida region as a globally competitive location for business. It works with regional partners to recruit new jobs and investment throughout Northwest Florida. It also works closely with local economic development groups and the local private industry council to provide customized training for new companies and in-house training for expanding firms. With its proximity to Interstate 10 and excellent connections to secondary roads, the County is one day closer to most major markets than the rest of the State. It can provide 24-hour or same-day delivery to Southeastern markets. Deep-water ports of Pensacola, Panama City, and the Gulf Inter-coastal Waterway, along with barge traffic on the Apalachicola River, provide competitive, convenient, and economical access to regional markets.

Over 60 percent of the County's population is between the prime working ages of 18 and 64. The County continues to experience steady growth with the most significant increase in the Niceville and Valparaiso area.

EDUCATIONAL ACHIEVEMENTS

The City's schools are among the best in the high-performing Okaloosa County School District. Niceville High School (NHS) is consistently at the top in academics, athletics, and extracurricular activities. Seniors have earned more than ten million dollars in scholarships in recent years. Recognized throughout this State and Nation, NHS's reputation as a formidable foe continues to strengthen in academic and athletic competitions. NHS has a robust sports program with strong participation and excellent coaching. During the 2023-2024 school year, the NHS boy's track and field team won the state championship. The girl's track and field team won the state championship in 2022.

NHS administration, along with a staff of approximately 150, is successfully educating over 2,100 students every day. Accredited by the Southern Association of Colleges and Schools, NHS has been named a New American High School by the U. S. Department of Education, one of only 13 in the Nation to earn that honor. NHS was acclaimed nationally as a *Blue Ribbon School of Excellence*. For the 2022-2023 school year, NHS, Collegiate High School, C.W. Ruckel Middle School, Lula J. Edge Elementary School, and James E. Plew Elementary School were each rated an "A" school by the Florida Department of Education. Based on a combined analysis of all Florida student test results, Okaloosa County School District, including Niceville Schools, ranked 5th among 67 Florida school districts.

NHS strives to meet the needs of its students by offering extensive courses in art, English, Family and Consumer Science, Foreign Language, Gifted Studies, Leadership, Math, Music, Physical Education, Reserve Officers' Training Corps (ROTC), Science, and Social Studies. It offers 21 Advanced Placement courses and ten courses through the Academic International Certificate of Education (AICE) Program from the University of Cambridge in Cambridge, England. In 2019, the College Board designated 193 NHS students as Advanced Placement (AP) Scholars to recognize their exceptional achievement on the college-level AP program exams. In addition, the National Hispanic Recognition Program (NHRP) honored students for their excellence in academic achievement.

Niceville High School Chorus has Niceville's more select vocal music ensemble, called Opus One. Annually, Opus One performs at the USAF Armament Museum for the Missing-in-Action/Prisoner-of-War (MIA/POW) remembrance ceremony. NHS is home to a state-of-the-art information technology institute offering 17 industry certifications, giving its students a financially viable skill. Students have won first, second, and third place in the Congressional App Challenge, including one student's app developed to help impoverished children. Classes are also offered for students needing additional reading, math, and science resources through an Intensive Studies Program (ISP). NHS's aim is to prepare students for a successful transition to college, vocational school, or the workplace. All its programs are open to any student up for the challenge. Visit its website at www.nicevillehighschool.org to learn more about NHS.

The Collegiate High School (CHS), located on the main Niceville campus of Northwest Florida State College (NWFSC), routinely ranks among the best high schools in the State of Florida. CHS opened in 2000 as a fully accredited school receiving accreditation from the Southern Association of Colleges and Schools and AdvancED, an international non-profit, non-governmental primary and secondary school-accrediting organization. For the 2023-2024 school year, the school had an enrollment of approximately 350 students. CHS has consistently ranked in the top five percent of high schools in Florida on the U.S. Department of Education (DOE) school accountability report. The DOE awarded CHS an "A" rating for student academic success for the 2023-2024 school year.

The DOE granted NWFSC $2 million to expand its dual enrollment program at CHS. Highly competitive, academically rigorous programs are provided for students interested in earning an associate degree while attending high school. An advanced program of study allows students to earn a traditional high school diploma and a two-year college degree simultaneously. College transfer credits earned at NWFSC are accepted at all public universities and colleges in Florida and nationwide. CHS provides a wide array of student activities with various clubs to meet the interests of a diverse student population.

Ruckel Middle School (RMS) is an “A” rated school that serves the Niceville area. RMS has been awarded the grade of “A” for 20 consecutive years. RMS has an enrollment of over 1,100 students and a staff of 70 educators. It promotes excellence in what has become known as the triple A's: academics, arts, and athletics. Academically, RMS regularly receives among the highest scores in the school district and State in the areas of reading, writing, math, and science. It also offers science, technology, engineering, and math (STEM) classes as elective courses in support of its academic mission. Many clubs, including Math-Counts, Odyssey of the Mind, Robotics, and Academic Team, also promulgate academics. In the area of Arts, Ruckel offers Band, Chorus, Art, and Digital Photography, all of which are recognized at both the district and state level as award-winning programs. For athletics, RMS participates in 14 different sports for both boys and girls and has frequently won Okaloosa County championships in many of these competitive activities. RMS also has cheer and dance teams that are regularly recognized at the state-level. The school additionally offers many service and interest clubs, including the Multi-Cultural Club, National Junior Honor Society, and Junior Student-to-Student, which supports our military families. For more information about RMS visit www.ruckelmiddleschool.com.

Bluewater, Edge, and Plew are the three public elementary schools from kindergarten to fifth grade (K-5). These schools routinely outscore other district schools on standardized student performance test summary outcome reports.

Okaloosa Science, Technology, Engineering, Mathematics, Medical (STEMM) Academy, established in 2012, is a public middle school of choice committed to the mission of celebrating, challenging, developing, and inspiring our Nation’s next generation of leaders. Okaloosa STEMM Academy is also a central hub for pre-kindergarten students with disabilities. Currently, it has an enrollment of over 300 middle school students and 75 pre-kindergarten students. STEMM Academy has earned an “A” school rating in each year since its inception. The STEMM Academy remains one of the top schools for academics in the State of Florida.

Niceville is also home to a private elementary school, Rocky Bayou Christian School. Rocky Bayou enrolls approximately 1,000 students on two campuses for pre-kindergarten through twelfth grade classes featuring an environment based on religious principles. The school employs a two-track grade system, with one track for advanced students, and offers programs for learning-disabled students. In October 2020, Rocky Bayou Christian School was rated by TheBestSchools.org as one of the 50 best Christian high schools, out of nearly 12,000 private Christian high schools in America.

Northwest Florida State College (NWFSC) is a public college, accredited to award baccalaureate and associate degrees, which serves more than 8,000 students annually at seven area campuses and centers. The college’s 265-acre main campus is located at 100 College Boulevard in Niceville. This campus houses the college administration and major facilities such as the Mattie Kelly Fine and Performing Arts Center, the Emerald Coast Autism Center, a sports complex, Learning Resources Center (library), and facilities for the college’s various health and safety instructional programs, such as nursing (RN and BSN), dental assisting, radiography, EMT and paramedic, and public safety.

NWFSC has expanded its Commercial Driver’s License (CDL) program with $413,000 of funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Governor Ron DeSantis awarded NWFSC an additional $4.35 million of job growth grant funding during fiscal year 2022. In October 2021, NWFSC was awarded $2.85 million to fund a new diesel mechanic technician training program. In September 2022, another $1.50 million was awarded to NWFSC for the expansion of its CDL program. The grant funding allowed NWFSC to purchase trucks, trailers, hydraulics, and mechanical drive learning systems at an official testing site.

The Mattie Kelly Fine and Performing Arts Center at NWFSC in Niceville is the region's premiere venue for outstanding entertainment and hosts Broadway's best touring shows, art exhibits, and the Northwest Florida Symphony Orchestra, as well as music and cultural performances of all genres. The $25 million, 12-acre complex features a main stage theater with seating for up to 1,650. It also has a smaller theater venue with seating for 195, art galleries which feature touring art exhibits and houses the college's multi-million-dollar permanent art collection, a recital hall, a visual arts building, a music wing, an amphitheater which accommodates up to 3,500 people for outdoor events, and other cultural and instructional facilities.



Performing Arts Center at Northwest Florida State College

Okaloosa County is a leading technology-based industrial center, making it Florida's premier world-class employer for engineers, scientists, and technology experts. Okaloosa County is home to the University of Florida's Research and Engineering Education Facility (REEF), an extension of the Herbert Wertheim College of Engineering, where top engineers gain master's or doctorate degrees in mechanical, aerospace, electrical, computer, or industrial systems engineering. The REEF also has a program, called the UF Innovation Station REEF, which is committed to growing a pipeline of students to attend engineering schools, by supporting the efforts of school district K-12 teachers.



Northwest Florida State College
Entire Campus (left) and Community Services Complex/EOC (right)

NICEVILLE YOUTH ADVISORY COUNCIL

The City of Niceville established a Youth Advisory Council in 2013, under the leadership of Councilman Sal Nodjomian, to provide a voice for youths in the City and establish a direct medium for civic involvement among this group. The award-winning Youth Advisory Council stays very active representing the diverse youth population in the City. It was awarded the top prize in the Florida League of Cities' (FLOC) Municipal Youth Council Community Service competition in 2022, 2020, and 2017. In 2019, it was awarded a top prize in the Municipal Youth Council Video Competition. The Youth Advisory Council travels to Tallahassee each year to learn more about government at the state-level.

MAJOR INITIATIVES

National Flood Insurance Program

As part of the National Flood Insurance Program's (NFIP) Community Rating System (CRS) program, the City provides map determinations and Flood Insurance Rate Map (FIRM) data to inquirers and provides information on the flood insurance purchase requirement as a service to its citizens. The Niceville Public Library maintains a rack specifically for documents related to flood insurance, flood protection, and floodplain management.

Fire Insurance Classification

The Insurance Services Office (ISO), which serves the property and casualty insurance marketplace, analyzes data about property fire protection and suppression programs, then issues its Public Protection Classification (PPC) rating to indicate an organization or area's property fire protection capability. In 2021, the City of Niceville Fire Department's PPC rating improved from a respectably low Class 3 rating to a very low Class 2 rating! Providing a low and better PPC rating has led to reductions of over 45% in property insurance premiums for owners of insured properties within the City.

Recreation Trails

Turkey Creek Nature Trail



Niceville's Turkey Creek Nature Park has been expanding and improving over the past 33 years. Since 1990, the City has added over 190 acres to the park, mostly through grants and donations, including three Florida Communities Trust (FCT) grants and two Florida Recreational Development Assistance Program (FRDAP) grants. These grants have funded improvements including a pavilion, a deck, and bridges across the 4,000 feet of elevated boardwalk along Turkey Creek. Additionally, partnership money from the U.S. Fish & Wildlife Service has paid in part for interpretative signage describing native flora and fauna along the boardwalk. Other grant-funded improvements include a canoe/kayak launch and recovery facility, a fishing platform, an access trail and observation deck, restroom facilities, driveway access from College Boulevard, additional parking, and landscaping improvements.

Recreation Facilities

The Youth Center caters to children who enjoy skateboarding and bicycling. It includes a concrete pad that has ramp equipment installed for the use of skating or bicycling. These are considered intermediate level ramps. Participants must be at least six years old. Young participants must be cautious while using ramps. Every participant must wear a helmet at all times. The area has lighting for dark hours of operation. The facility has restrooms and a snack room with vending options. In 2019, an improved fence was installed to keep visitors out when staff is not present.



Youth Center Skate Park

Also located in the Niceville Civic Complex is the Children's Park. It is open five days a week and staffed for the safety of our guests. Site accessibility is emphasized to provide easy mobility for people of all ages and physical abilities at this hazard-free facility. Numerous modern play stations provide for both safety and fun. The playground's construction was primarily funded by private and corporate donations, underscoring Niceville's strong community spirit.

These shaded areas and the water splash park help children stay cool during the warm summer. An estimated 400 to 800 guests visit and enjoy the park during an average week. Articles featuring the park have appeared in national recreation and park association magazines and landscape architect publications. This park has truly added to the quality of life in Niceville.

Niceville Library



The Niceville Public Library opened in August 2000 as a $2.5 million, 17,500 square-foot, state-of-the-art facility. The City received a $500,000 construction grant from the State of Florida to help build this library for our community. The City was later awarded a $400,000 construction grant for expansion of the library, and in December 2006, a 5,000 square-foot addition was opened to the public, bringing the total square footage to 22,500.

The Library draws a constant stream of visitors daily while contributing to the overall beauty within the heart of the City. There are nearly 12,000 active cardholders and more than 77,000 items in the Library's collection. Over 226,000 items are circulated each year. An integral part of the Okaloosa County Public Library Cooperative, the Niceville Public Library is a valued intellectual resource for County residents.

Niceville Community Center

The Granny Edge Community Center, located next door to the Niceville Library on Partin Drive, can comfortably accommodate 250 people in the big hall. The building is used year-round for weddings, receptions, meetings, presentations, and other functions. Visitors to the complex enjoy sitting in the courtyard in front of the Community Center to relax and enjoy the weather, sometimes with a meal and a friend.



Lion's Park

Lion's Park

Named because of its affiliation with the local Lions Club, Lion's Park is one of the favorite local swimming, picnicking, and boat-launching areas in Niceville. In the early 1950s, members of the local Lions Club renovated this area and turned it over to the City to maintain. The City constructed several gazebos and water fountains, and the annual Boggy Bayou fireworks display is held every 4th of July in the waters adjacent to the park.

Niceville Senior Center

On December 11, 2018, the Niceville Senior Center, located at 201 Campbell Drive, opened with a celebration that included a ribbon-cutting, refreshments and a performance by a premier Niceville High School vocal group, Opus One. The Senior Center empowers and enhances the lives of adults 55 and older through programs and caring services that promote wellness, social connection, support, nutrition, education, independence, activities, volunteerism, and fun.

The 9,200 square-foot Senior Center features a large social area, a retro-themed “Corbin Cafe”, a well-equipped kitchen with large appliances and a milkshake machine, two multi-purpose rooms, a fitness room, a computer lab, and a large outdoor courtyard with a tower clock, stage, water and fire features, and raised planting beds. The game room includes billiards, ping pong tables, and card tables. The multi-purpose rooms offer space for dance, exercise, art, and education classes. Outside the senior center, you will find a welcoming front porch with rocking chairs, a walking trail, pickleball and shuffleboard courts, exercise stations, and a putting green area.

DEPARTMENT FOCUS

Although the City has designated departments within the organizational structure, we do not single out individual departments for recognition but view our organization as one unit. Under this team concept, we have expanded a soccer field complex into off-season utilization of two additional little league softball fields and have constructed our recreation trails utilizing in-house personnel and equipment.

Three new pickleball courts were added to the Senior Center facility in fiscal year 2022, bringing the total courts to five. All courts are equipped with LED lights for night use. A putting green was also added in Spring 2022. During fiscal year 2023, four more pickleball courts were constructed at Meigs Park for use during daylight hours only.

In 2022, the City’s Youth Advisory Council imagined and administered a park-naming contest for an unnamed neighborhood park. Opened in May 2021, Rocky Runway Common Park includes a paved walking trail, basketball court, exercise equipment, and several benches. This park will soon have a “Born Learning Trail”, which was gifted to the City from the local chapter of the United Way.



Rocky Runway Common Park

The City saved over $100,000 in construction costs for our skate park through the in-house concept. This approach has instilled civic pride throughout the City’s departments which has grown onward to the citizens and visitors of our community. Representatives from the Florida Department of Transportation have used our beautification efforts as guidelines for other municipalities to implement.

The City of Niceville also has a City-wide beautification program that involves planting wildflowers along the right-of-way, shrubs, flowers, and trees in the highway medians, and a series of benches and swings for pedestrians to sit, rest, and reflect during their walking or jogging program.

In 2021, the City honored its history with a Civilian Conservation Corps (CCC) Worker Statue ™. The statue, honoring the enrollees of CCC Camp Bigby, the first CCC camp in Florida, was installed on a brick pedestal with an engraved description stating in part, "This statue is dedicated to honor the enrollees of CCC Camp Bigby, established May 19, 1933." The CCC was a Great Depression-era New Deal federal work relief program that operated from 1933 to 1943 for unmarried young men.



Three historical markers were installed in the City's historic locations in 2022. The *Old Maritime City* historical marker commemorates Niceville as the center of the commercial fishing industry of the Choctawhatchee Bay region during the late 19th and early 20th centuries. The *Niceville Fire 1934* historical marker identifies the location where a crew of 200 CCC men teamed with the fire crews of the Choctawhatchee National Forest to extinguish a fire that destroyed several businesses and the post office in 1934. The *Boggy Mill Company Site* historical marker demarcates where a sawmill was located on 40 acres on the east side of Boggy Bayou, which is present day Niceville. The Boggy Mill Company incorporated in 1908, creating local jobs in logging, turpentine, and shingle-getting. The company was purchased by J.P. Rawls in 1912 and later purchased by developer R.E.L. McCaskill.



FOR THE FUTURE

Plans for fiscal year 2025 include building a dock and pier at the Old Town Landing on Bayshore Drive and constructing a 3.5-mile re-use water pipeline to Deer Moss Creek Subdivision using American Rescue Plan Act (ARPA) grant funds. A grant from the State will also offset a portion of the project costs.

Another exciting City project for fiscal year 2025 is constructing and renovating Meigs Park to become a premier Americans with Disabilities Act (ADA) compliant park. Upgrades for this $2.0 million project will include an ADA playground, a Field of Dreams baseball field, a combination basketball and volleyball court, a quarter-mile walking trail, a large pavilion with a quiet room, and ADA-compliant restrooms.

In fiscal year 2025, the City also plans to upgrade its aging water distribution system and complete the construction of a road re-design project on Hill Lane. Thanks to a $396,800 Florida Defense infrastructure grant, the City will also complete the design and engineering of a new CAT 5 fire station.

PUBLIC & PRIVATE RECREATION / OPEN SPACE EXISTING NICEVILLE FACILITIES

Facility	Classification	Public/ Private	General Activities Provided	Size
Palm Lake Park	Mini Park	Public	Open space	8.04 acres
Palm Park	Mini Park	Public	Open space	1.61 acres
Sherry Park	Mini Park	Public	Open space	0.60 acres
Stables	Mini Park	Public	Open space	1.46 acres
Total Mini Parks				**11.71 acres**
Cedar Park	Neighborhood	Private	Swings, gazebo	0.50 acres
Dana Park	Neighborhood	Private	Open space	4.68 acres
Kelly Hill Park	Neighborhood	Public	Basketball courts, playground equipment	1.00 acres
Kiwanis Park	Neighborhood	Public	Open space, fishing, swings	2.32 acres
Meigs Park	Neighborhood	Public	Tables, tennis courts, basketball courts	6.00 acres
Total Neighborhood Parks				**14.50 acres**
Bullock Pond	Community	Public	Fishing, boardwalk	1.80 acres
Children's Park	Community	Public	Benches, gazebos, playground equipment, tables, amphitheater, splash park	1.00 acres
City Hall Park	Community	Public	Gazebos, swings, benches, golf putting green	0.50 acres
Edgewater North Park	Community	Public	Open space	4.00 acres
Gateway Park	Community	Public	Open space, benches	1.00 acres
Leota Miller Park	Community	Public	Open space	4.50 acres
Lion's Park	Community	Public	Boat ramp, picnic tables, gazebos	2.00 acres
Mullet Festival Site	Community	Public	Open space	36.30 acres
Niceville City Park	Community	Public	Tables, baseball fields	11.88 acres
Pin Oak Park	Community	Public	Open space, benches	1.33 acres
Senior Center	Community	See Note [1]	Multi-purpose rooms, game rooms, pickle ball and shuffleboard courts	1.80 acres
Shirk's Bayou	Community	Public	Open space	2.57 acres
Twin Oaks Park	Community	Public	Baseball fields, soccer fields, concession stands, horseshoe pits	10.60 acres
Turkey Creek Park	Community	Public	Open space	76.39 acres
Turkey Creek Park (North Valparaiso)	Community	Public	Open space, conservation area, pavilions, tables, grills, boardwalk, restrooms	47.27 acres
Turkey Creek Park (South, Neal)	Community	Public	Conservation area, pavilions, tables, grills, bridge, walkway, restrooms	57.35 acres
Rocky Runway Common Park	Community	Public	Paved walking trail, benches, grass fields, basketball court	3.45 acres
Youth Center	Community	Public	Skateboarding, bicycling, concession area, picnic tables, restrooms	4.00 acres
Total Community Parks				**267.74 acres**
Grand Total				**293.95 acres**

[1] Senior Center membership may be required. Contact Senior Center at (850) 279-6436, ext. 1600

OTHER INFORMATION



Cash Management

Where safety and liquidity requirements permit, much of the City's surplus cash was invested in U.S. Treasury securities or in external intergovernmental investment pools. The City's investment policy parallels F.S. §218.415, which dictates that optimization of investment returns shall be secondary to the requirements for safety and liquidity. Accordingly, all investments were adequately insured by the Federal Deposit Insurance Corporation (FDIC) or were collateralized in accordance with Florida law. All deposits and investments are placed with a primary goal of low risk of loss of principal and adequate liquidity, while earning competitive returns considering the primary goals.

Budget Process

By July of each year, the City Manager prepares and presents an annual budget to the City Council at public budget workshops. At the public budget meetings, the Council considers and comments on the draft budget, and revisions may subsequently be incorporated. The City Council considers and votes upon the draft budget at two public budget hearings each year in September. The City complies with the State's Truth in Millage (TRIM) laws for advertising, discussing, and adopting a final budget before the start of the new fiscal year on October 1st. The draft and adopted budgets are posted on the City's website before the public budget hearings. During the year, at City Council meetings, the City Manager may propose, and the City Council may adopt, budget amendments. Any adopted budget amendments are posted on the City website.

Independent Audit

State statutes (F.S. §218.39) require an annual audit by independent certified public accountants. The accounting firm of Warren Averett, LLC, was selected by the City Council. The auditors' report on the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information is included in the financial section of this report. The auditors' reports related to compliance with laws and regulations and to the evaluation of the internal control structure are included in the compliance section.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Niceville for its annual comprehensive financial report for the fiscal year ended September 30, 2023. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the 38th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department with cooperation and support from many other City departments and local government agencies. Each member of each department, and each cooperating agency official, who responded to our information requests have our sincere appreciation for the contributions made in preparing this report.

Sincerely,



David Deitch, City Manager
March 26, 2025

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Niceville
Florida

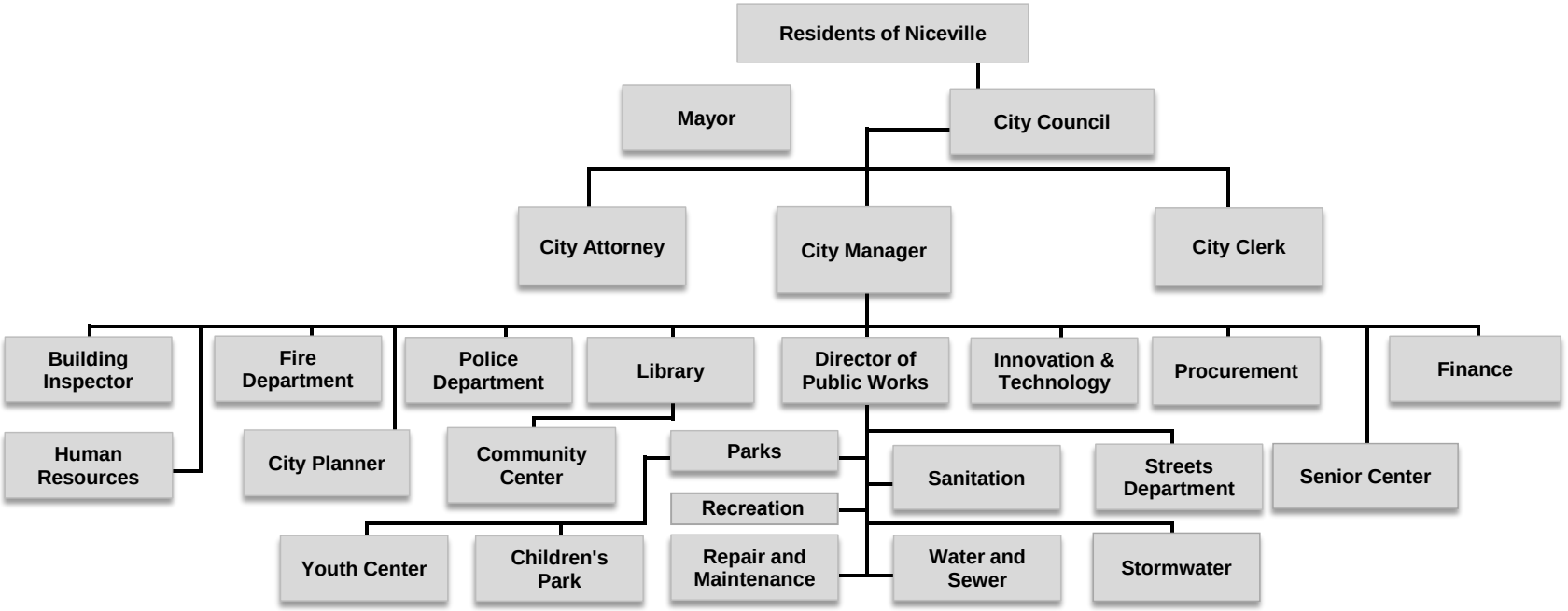
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

City of Niceville, Florida
ORGANIZATIONAL CHART
Year Ended September 30, 2024



II. FINANCIAL SECTION

- **INDEPENDENT AUDITORS' REPORT**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS**
- **BASIC FINANCIAL STATEMENTS**
  - **Government-Wide Financial Statements**
  - **Fund Financial Statements**
  - **Notes to Financial Statements**
- **REQUIRED SUPPLEMENTARY INFORMATION**

Warren Averett
CPAs AND ADVISORS

45 Eglin Parkway, N.E., Suite 301
Fort Walton Beach, FL 32548
850.244.5121
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the governmental funds, and the schedules related to the pension and OPEB liabilities and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Warren Averett, LLC

Fort Walton Beach, Florida
March 26, 2025

As management of the City of Niceville, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-xvii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $77.9 million (net position), which represents an increase of $3.4 million from the prior fiscal year.
- Of the $77.9 million of net position on September 30, 2024, $55.3 million represents investments in capital assets (e.g., land, construction in progress, infrastructure, building, machinery and equipment) less any related debt used to acquire these assets that is still outstanding, $13.0 million is restricted by external sources or enabling legislation, and $9.6 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's governmental funds reported ending fund balance of $8.6 million, which represents a $974 thousand decrease from the prior fiscal year. Ending fund balance of $4.4 million is restricted for specific purposes, and $4.1 million is assigned or unassigned and available for spending at the discretion of the City Council. Assigned and unassigned fund balances represent 18.4% of the total expenditures for the City's governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the financial statements is on both the City as a whole (government-wide), and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year-to-year, government-to-government), and enhance the City's accountability.

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

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements consolidate governmental and business-type activities into two columns, which add to a total for primary government. This provides readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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 the difference among the components reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (including city manager, city clerk, human resources, finance, purchasing, building inspector and non-departmental expenses), public safety (including police and fire), transportation (including public works, administration, streets, repairs and maintenance), internal service (central garage), economic environment (improvement districts), human service (animal control) and culture and recreation (parks, library, community center and youth center). The business-type activities of the City include water and sewer, sanitation and stormwater utility management. The government-wide financial statements are found on pages 17 - 20 of this report.

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

FUNDS

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financial requirements. Found on pages 21 - 24 of this report are the basic governmental fund financial statements.

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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three governmental funds (General Fund, Community Redevelopment Agency Fund, and Discretionary Sales Tax Fund). Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and the special revenue funds. The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements are provided to demonstrate compliance with the adopted budget.

Proprietary Funds
Proprietary 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 utility operations (water operations and distribution, sewer collections and treatment), sanitation, and stormwater utility management operations.

The City's major proprietary funds include the water and sewer fund, sanitation fund, and stormwater fund. The City has no non-major proprietary funds. Found on pages 25 - 29 of this report are the basic proprietary funds financial statements.

Fiduciary Funds
Fiduciary funds are used to account for resources held for the benefit of individuals or private organizations. The City has a Scholarship Trust Fund that is used to account for resources held pursuant to the Katie W. Moody Estate and Will. 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. Found on pages 30 - 31 of this report are the fiduciary fund financial statements.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 32 of this report are the notes to the financial statements.

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 of resources by $77.9 million (net position) on September 30, 2024, as reported in Table 1.

By far the largest portion of the City's net position, $55.3 million (or 71.1%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

TABLE 1
CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2024 AND 2023
(In Thousands of Dollars*)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 11,192	$ 13,797	$ 36,390	$ 35,037	$ 47,582	$ 48,834
Capital assets	25,080	23,757	37,620	36,775	62,700	60,532
Total assets	36,272	37,554	74,010	71,812	110,282	109,366
Deferred outflows related to pensions	4,213	3,412	1,032	836	5,245	4,248
Deferred outflows related to OPEB	1,340	1,202	395	477	1,735	1,679
Deferred charges on refunding	-	-	148	164	148	164
Total deferred outflow of resources	5,553	4,614	1,575	1,477	7,128	6,091
Long-term liabilities outstanding	18,004	17,179	10,010	11,073	28,014	28,252
Other liabilities	3,416	5,071	5,360	5,585	8,776	10,656
Total liabilities	21,420	22,250	15,370	16,658	36,790	38,908
Deferred inflows related to pensions	1,083	362	265	89	1,348	451
Deferred inflows related to OPEB	1,082	1,150	319	456	1,401	1,606
Total deferred inflow of resources	2,165	1,512	584	545	2,749	2,057
Net position						
Net investment in capital assets	23,570	22,493	31,762	30,273	55,332	52,766
Restricted	4,413	4,499	8,564	8,098	12,977	12,597
Unrestricted	(9,743)	(8,586)	19,305	17,715	9,562	9,129
Total net position	$ 18,240	$ 18,406	$ 59,631	$ 56,086	$ 77,871	$ 74,492

**all dollar amounts rounded to the nearest thousand*

An additional portion of the City's net position, $13.0 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, $9.6 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was $3.4 million during fiscal year 2024. The net position of governmental activities decreased $166 thousand, which is primarily attributable to an increase in payroll and related employee benefit costs. The net position of business-type activities increased $3.5 million primarily due to an increase in charges for services and interest income.

Reported in Table 2 are the key elements of the increase in net position.

TABLE 2
CITY OF NICEVILLE, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	$ 1,395,109	$ 1,317,967	$ 14,725,520	$ 13,731,053	$ 16,120,629	$ 15,049,020
Operating grants & contributions	2,105,559	664,899	-	15,350	2,105,559	680,249
Capital grants and contributions	588,345	304,065	2,002,038	5,531,245	2,590,383	5,835,310
General revenues						
Property taxes	6,448,017	5,416,526	-	-	6,448,017	5,416,526
Other taxes	8,841,301	8,888,743	-	-	8,841,301	8,888,743
Other revenue	1,774,413	1,747,436	1,351,776	784,986	3,126,189	2,532,422
TOTAL REVENUES	21,152,744	18,339,636	18,079,334	20,062,634	39,232,078	38,402,270
EXPENSES						
Primary government						
General government	4,432,491	3,916,637	-	-	4,432,491	3,916,637
Public safety	8,460,996	8,274,730	-	-	8,460,996	8,274,730
Transportation	1,652,287	1,499,350	-	-	1,652,287	1,499,350
Internal services	1,088,789	1,092,709	-	-	1,088,789	1,092,709
Economic environment	1,015,460	209,005	-	-	1,015,460	209,005
Human services	105,230	104,280	-	-	105,230	104,280
Culture and recreation	4,534,452	4,701,863	-	-	4,534,452	4,701,863
Debt service interest	29,267	41,935	-	-	29,267	41,935
Business-type activities						
Water and sewer	-	-	9,480,549	9,531,673	9,480,549	9,531,673
Sanitation	-	-	4,185,000	4,209,059	4,185,000	4,209,059
Stormwater	-	-	868,600	532,041	868,600	532,041
TOTAL EXPENSES	21,318,972	19,840,509	14,534,149	14,272,773	35,853,121	34,113,282
Increase (decrease) in net position before transfers	(166,228)	(1,500,873)	3,545,185	5,789,861	3,378,957	4,288,988
Transfers	-	2,500,000	-	(2,500,000)	-	-
Increase (decrease) in net position	(166,228)	999,127	3,545,185	3,289,861	3,378,957	4,288,988
NET POSITION, BEGINNING	18,406,435	17,407,308	56,085,971	52,796,110	74,492,406	70,203,418
NET POSITION, ENDING	$ 18,240,207	$ 18,406,435	$ 59,631,156	$ 56,085,971	$ 77,871,363	$ 74,492,406

FINANCIAL IMPACTS

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

- Economic Condition: This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas, or other tax revenue.

- Council Approved Rate Adjustments: While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, impact fees, recreation user fees, etc.).

- Changing Patterns in Intergovernmental Grant Revenue (both recurring and non-recurring): Certain recurring revenues (state revenue sharing) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and are often distorting in their impact on year-to-year comparisons.

- Market Impacts on Investment Income: The current market conditions have a significant influence on the City's investment income causing it to fluctuate greatly.

Expenses

- Introduction of New Programs: Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.

- Authorized Position Adjustments: Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent a large portion of the City's operating expenses.

- Salary Adjustments: The ability to attract and retain human and intellectual resources requires the City to strive for a competitive salary range position in the marketplace.

- Inflation: While overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil, and parts. Some fluctuations may experience commodity specific increases.

Current Year Impacts – Governmental Activities

- Operating grants and contributions increased by $1.4 million, or 216.7%, due to the City expending more American Rescue Plan Act (ARPA) grant funding received in prior fiscal years.

- Property tax revenues increased by $1.0 million, or 19.0%, which is primarily attributable to an increase in the property tax rates (millage rates) levied on taxpayers.

- General government expenses increased by $516 thousand, or 13.2%, which is primarily attributable to an increase in payroll and related employee benefit costs, as well as an increase in property insurance premiums.

- Economic environment expenses increased by $806 thousand, or 385.9%, which is primarily the result of the City expending non-entitlement Community Development Block Grant (CDBG) program funds for affordable housing projects.

Chart 1
Expenses by Function/Program – Governmental Activities

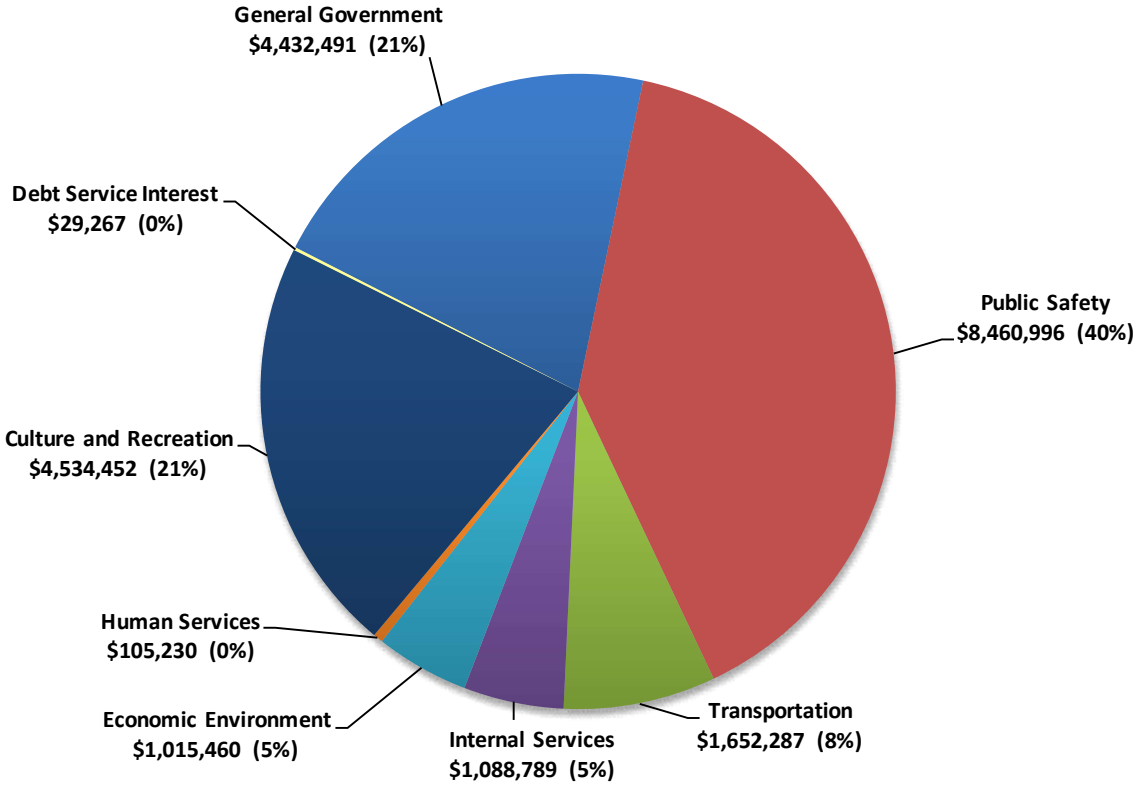
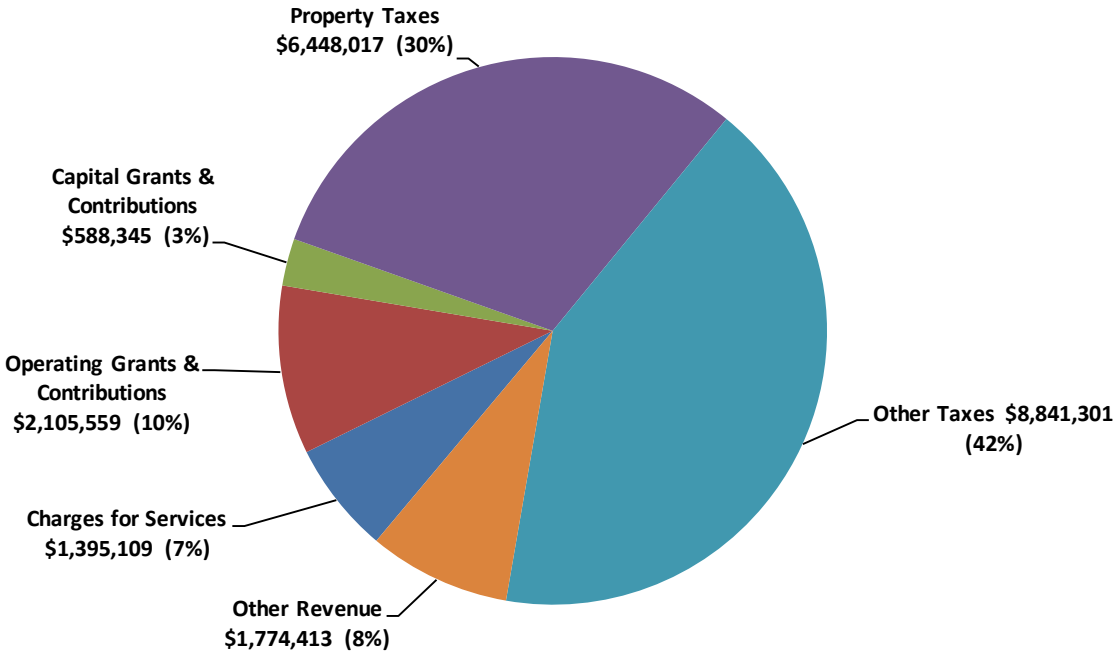


Chart 2
Revenues by Source - Governmental Activities



Current Year Impacts – Business-Type Activities

- Capital grants and contributions decreased by $3.5 million, or 63.8%, which is attributable to several factors. First, there was a significant decrease in impact fees as there were no major development projects comparable to the Deer Moss Creek subdivision that required new connections in fiscal year 2024. In addition, there was a significant decrease in capital grant funding for the Boggy Bayou Headwaters Restoration project funded by the National Fish and Wildlife Foundation, as the vast majority of the construction work was completed in the prior year.

- Charges for services increased by $994 thousand, or 7.2%. This increase is primarily attributable to an increase in rates charged for water and sewer services.

- Other revenue increased by $567 thousand, or 72.2%, which is almost entirely attributable to an increase in interest earned on deposits and investments. The increase in interest income resulted from rising market interest rates earned on invested funds during fiscal year 2024.

Chart 3
Expenses and Program Revenue – Business-Type Activities

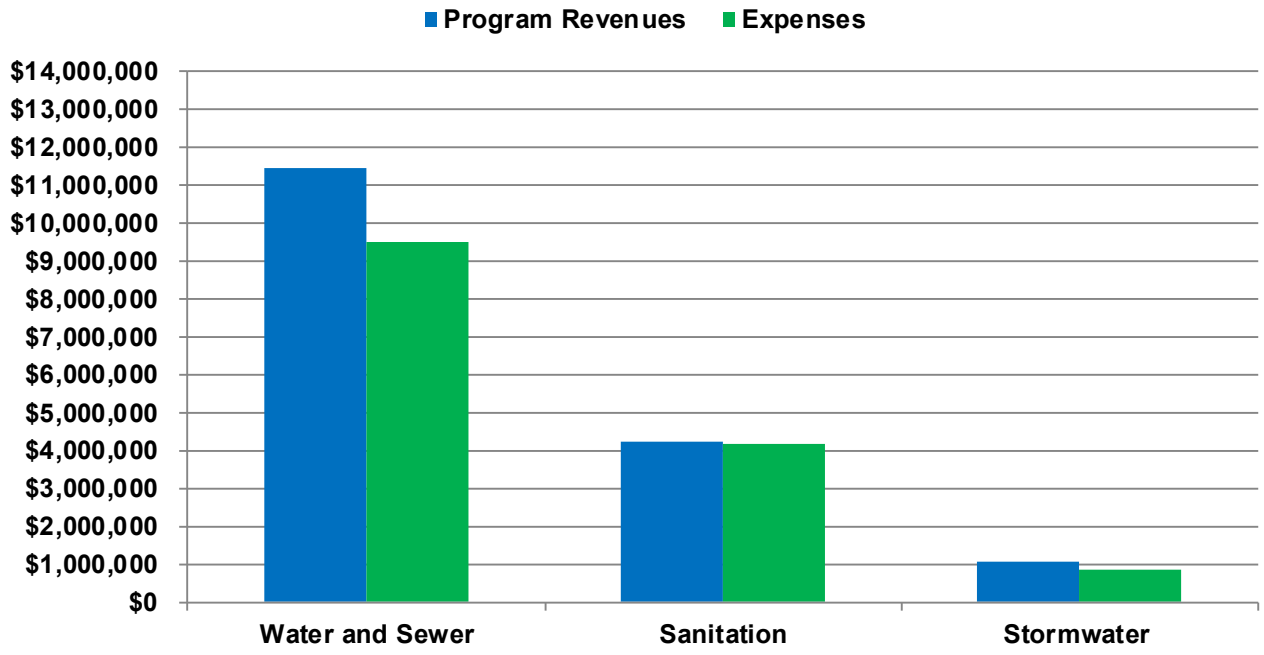
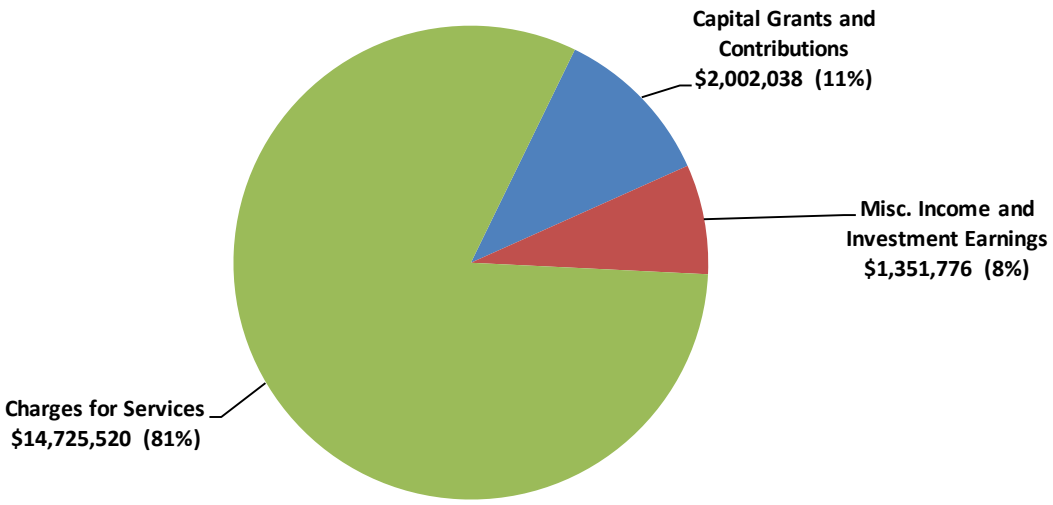


Chart 4
Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'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. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2024, the City's governmental funds reported ending fund balance of $8.6 million, a $974 thousand decrease from the prior fiscal year. This decrease is primarily attributable to an increase in expenditures. In addition, the City did not transfer over any resources from the proprietary funds during the fiscal year. Prior to fiscal year 2024, funds have been transferred from the proprietary funds to the General Fund in each of the last ten fiscal years to support General Fund operational expenditures. Approximately $4.1 million of fund balance constitutes assigned or unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance is classified between nonspendable and restricted, based on the level of constraints placed on those funds.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2024, assigned and unassigned fund balances of the General Fund were $4.1 million, while total fund balance reached $4.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total expenditures. Assigned and unassigned fund balance represents 21.3% of the total General Fund expenditures, while total fund balance represents 23.9% of that same amount.

During fiscal year 2024, the fund balance of the General Fund decreased by $879 thousand. While the General Fund reported an increase in revenues of $2.8 million, that increase was offset by a $1.0 million increase in public safety payroll related expenditures and a $616 thousand increase in CDBG related expenditures, which are reported in the economic environment function.

During fiscal year 2024, the fund balance of the Community Redevelopment Agency (the CRA) Fund increased by $334 thousand. This increase was primarily driven by delays in the commencement of planned capital projects.

During fiscal year 2024, the fund balance of the Discretionary Sales Tax Fund decreased by $429 thousand. This decrease was primarily attributable to the City expending discretionary sales tax proceeds on street resurfacing and sidewalk expansion capital projects.

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 of the proprietary funds totaled $19.3 million at the end of the fiscal year. Of that amount, the Water and Sewer Fund reported unrestricted net position of $17.3 million, the Sanitation Fund totaled $164 thousand, and the Stormwater Fund was $1.8 million.

Net position for proprietary funds increased $3.5 million during the fiscal year. This increase is remarkably consistent with the prior year increase in net position of $3.3 million for the proprietary funds.

BUDGETARY HIGHLIGHTS

General Fund

- No amendments were made to the original adopted budget for 2024.
- Actual revenues were very consistent with budgetary expectations. Budgeted revenues exceeded actual revenues reported for the fiscal year by $195 thousand, or 1.1%.
- Actual expenditures were less than budgeted expectations by $8.5 million, which is attributable to various factors, most notably, delays in the commencement of planned capital projects.

CAPITAL ASSET AND LONG-TERM DEBT OUTSTANDING

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $62.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, subscription assets, park facilities, roads and highways, etc. The total increase in the City's investment in capital assets for the current fiscal year was $2.2 million and is summarized in Table 3 below.

TABLE 3
CITY OF NICEVILLE, FLORIDA
CAPITAL ASSETS
(NET OF DEPRECIATION)
AS OF SEPTEMBER 30, 2024 AND 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 8,318,257	$ 8,287,684	$ 2,931,453	$ 1,980,577	$ 11,249,710	$ 10,268,261
Buildings	2,791,022	2,944,397	991,873	1,037,139	3,782,895	3,981,536
Improvements other than buildings	10,554,411	10,618,226	30,491,563	23,202,364	41,045,974	33,820,590
Infrastructure	578,174	710,889	-	-	578,174	710,889
Machinery and equipment	2,471,316	776,769	2,297,803	2,220,538	4,769,119	2,997,307
Subscription assets	290,845	251,763	-	-	290,845	251,763
Construction in progress	75,822	167,616	907,721	8,334,604	983,543	8,502,220
Total	**$ 25,079,847**	**$ 23,757,344**	**$ 37,620,413**	**$ 36,775,222**	**$ 62,700,260**	**$ 60,532,566**

Additional information on the capital assets of the City can be found in Note 6 of the financial statements.

Long-Term Debt Outstanding

At the end of the current year, the City had long-term debt outstanding of $7.4 million, which represents a decrease of $1.5 million from the prior year. The City has no general obligation or special assessment debt. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts, greater than one year, the City is required to conduct a voter referendum process for approval of this type of debt. The City's outstanding long-term debt is summarized in Table 4 below.

Table 4
City of Niceville, Florida
Long-Term Debt Outstanding
AS OF SEPTEMBER 30, 2024 AND 2023

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue bonds	$ 463,400	$ 690,700	$ 6,381,699	$ 7,473,826	$ 6,845,099	$ 8,164,526
Commercial notes payable	63,000	126,000	-	-	63,000	126,000
State revolving fund loans	-	-	195,890	212,420	195,890	212,420
Financing contracts payable	38,000	208,220	-	-	38,000	208,220
Subscription liabilities	268,420	239,419	-	-	268,420	239,419
Total	**$ 832,820**	**$ 1,264,339**	**$ 6,577,589**	**$ 7,686,246**	**$ 7,410,409**	**$ 8,950,585**

Additional information on the City's long-term debt can be found in Note 11 of the financial statements.

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 upon property and a limited array of permitted other taxes (sales, gasoline, utility service taxes, etc.) and fees (franchise and occupational licenses) for their governmental activities. There is a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal governments, which provide funding for specific programs, projects or activities. For the business-type activities and certain governmental activities (permitting and recreational programs), the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services (including development related impact fees) has an impact on the City's specific competitive ability to encourage development and redevelopment (office, retail, residential, and industrial) for those businesses that choose to locate in our jurisdiction. As the City has limited growth potential, it places great emphasis on redevelopment, and it is essential for the continued financial and economic health of our community.

The military has a significant presence in our community with Eglin Air Force Base, Hurlburt Field, and Duke Field. These three installations collectively comprise the largest military base in the world, employing over 72,000 military and civilian personnel. These installations are essential to the continued long-term economic vitality of this area. Combined, the military and defense-related industries have an estimated $22.1 billion annual impact on Northwest Florida's economy, according to the *Florida Defense Industry Economic Impact Analysis*.

The Governor's Office of Trade, Tourism & Economic Development (OTTED) is positioned closely with the military commanders in Florida, which may aid in limiting future base realignment and closures from negatively affecting this area. This strong relationship with the commanders gives the Governor and the State of Florida early warning of support issues they contend with on a regular basis.

Regional economic indicators were also considered in preparing the next fiscal year budget for the City:

- The Consumer Price Index (CPI) is 2.1% higher than a year ago for the Southern Region. This indicator is a widely used gauge of inflation and translates into a higher cost of providing services to residents.

- The local unemployment rate was 2.8%, which represents an approximate 0.1% increase from September 2023. The State of Florida's unemployment rate was 3.3%, which represents an approximate 0.3% increase from September 2023. The unemployment rate will impact the City's fee and usage-based revenues and shared portions of the State of Florida's usage-based taxes.

- The Florida Department of Revenue's Office of Tax Research has updated its estimates of tax distributions the City is expected to receive for the upcoming fiscal year. The below summarizes the fiscal year 2025 revenue estimates compared to the actual revenues reported for fiscal year 2024.

Revenue Source	FY2025 Estimate	FY2024 Actual	Variance ($)	Variance (%)
Municipal Revenue Sharing	$ 839,192	$ 854,086	$ (14,894)	-1.7%
Half-Cent Sales Tax	2,091,899	1,909,726	182,173	9.5%
Communications Service Tax	830,339	822,014	8,325	1.0%
Local Option Fuel Tax	428,944	419,990	8,954	2.1%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City'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 information should be addressed to the Finance Department, 208 North Partin Drive, Niceville, Florida 32578. The City can also be found online at www.niceville.org.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Niceville-Valparaiso Regional Sewer Board, Inc.
ASSETS				
Cash and cash equivalents	$ 3,104,171	$ 2,260,483	$ 5,364,654	$ 758,734
Investments	6,524,420	13,454,458	19,978,878	2,124,122
Receivables, net	416,731	1,254,946	1,671,677	357,641
Internal balances	28,134	(28,134)	-	-
Due from other governments	607,526	19,403	626,929	-
Prepaid items	40,307	-	40,307	-
Inventory, at cost	22,093	1,234,874	1,256,967	3,058
Restricted assets				
Cash and cash equivalents	448,125	3,122,549	3,570,674	13,763
Investments	-	7,394,317	7,394,317	-
Capital assets				
Non-depreciable	8,394,079	3,839,174	12,233,253	632,922
Depreciable, net	16,685,768	33,781,239	50,467,007	5,877,679
Other assets				
Investment in component unit	-	7,677,225	7,677,225	-
TOTAL ASSETS	36,271,354	74,010,534	110,281,888	9,767,919
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	4,213,349	1,031,704	5,245,053	-
Deferred outflows related to OPEB	1,340,330	395,666	1,735,996	-
Deferred charges on refunding	-	147,751	147,751	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,553,679	1,575,121	7,128,800	-

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Niceville-Valparaiso Regional Sewer Board, Inc.
LIABILITIES				
Accounts payable	$ 1,100,178	$ 1,080,763	$ 2,180,941	$ 109,334
Accrued liabilities	287,858	106,074	393,932	52,055
Accrued interest payable	12,942	50,096	63,038	-
Unearned revenues	1,230,315	2,029,413	3,259,728	-
Payable from restricted assets				
Customer deposits	-	988,438	988,438	-
Non-current liabilities				
Amounts due within one year				
Compensated absences	334,340	54,249	388,589	-
Subscription liabilities	118,763	-	118,763	-
Financing contracts payable	38,000	-	38,000	-
Commercial notes payable	63,000	-	63,000	-
Revenue bonds payable	230,200	1,034,094	1,264,294	-
State revolving loans payable	-	17,038	17,038	-
Amounts due beyond one year				
Compensated absences	731,338	155,483	886,821	-
Subscription liabilities	149,657	-	149,657	-
Revenues bonds payable	233,200	5,347,605	5,580,805	-
State revolving loans payable	-	178,852	178,852	-
Total OPEB liability	3,814,615	1,126,078	4,940,693	-
Net pension liability	13,075,314	3,201,686	16,277,000	-
TOTAL LIABILITIES	21,419,720	15,369,869	36,789,589	161,389
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,082,925	265,169	1,348,094	-
Deferred inflows related to OPEB	1,082,181	319,461	1,401,642	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,165,106	584,630	2,749,736	-
NET POSITION				
Net investment in capital assets	23,569,910	31,762,087	55,331,997	6,543,267
Restricted				
Debt service	-	853,198	853,198	-
Capital expansion projects	404,748	7,710,443	8,115,191	-
Discretionary sales taxes	2,445,939	-	2,445,939	-
Redevelopment projects	1,519,202	-	1,519,202	-
Other	43,377	-	43,377	13,763
Unrestricted (deficit)	(9,742,969)	19,305,428	9,562,459	3,049,500
TOTAL NET POSITION	$ 18,240,207	$ 59,631,156	$ 77,871,363	$ 9,606,530

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Function/program activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Niceville-Valparaiso Regional Sewer Board, Inc.
Primary government								
Governmental Activities								
General government	$ 4,432,491	$ 660,659	$ 1,295,112	$ 554,473	$ (1,922,247)	$ -	$ (1,922,247)	
Public safety	8,460,996	392,917	6,025	33,872	(8,028,182)	-	(8,028,182)	
Transportation	1,652,287	111,155	-	-	(1,541,132)	-	(1,541,132)	
Internal services	1,088,789	-	-	-	(1,088,789)	-	(1,088,789)	
Economic environment	1,015,460	-	640,600	-	(374,860)	-	(374,860)	
Human services	105,230	-	-	-	(105,230)	-	(105,230)	
Culture and recreation	4,534,452	230,378	163,822	-	(4,140,252)	-	(4,140,252)	
Debt service interest	29,267	-	-	-	(29,267)	-	(29,267)	
Total governmental activities	21,318,972	1,395,109	2,105,559	588,345	(17,229,959)	-	(17,229,959)	
Business-type activities								
Water and sewer	9,480,549	9,968,137	-	1,476,127	-	1,963,715	1,963,715	
Sanitation	4,185,000	4,208,554	-	-	-	23,554	23,554	
Stormwater utility management	868,600	548,829	-	525,911	-	206,140	206,140	
Total business-type activities	14,534,149	14,725,520	-	2,002,038	-	2,193,409	2,193,409	
Total primary government	$ 35,853,121	$ 16,120,629	$ 2,105,559	$ 2,590,383	(17,229,959)	2,193,409	(15,036,550)	

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Function/program activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Niceville-Valparaiso Regional Sewer Board, Inc.
Component Unit								
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 2,317,938	$ 2,006,054	$ -	$ 13,006				$ (298,878)
General revenues								
Taxes								
Property taxes					$ 6,448,017	$ -	$ 6,448,017	-
Utility service taxes					2,800,266	-	2,800,266	-
Other taxes					6,041,035	-	6,041,035	-
Intergovernmental					1,181,778	-	1,181,778	-
Gain on disposal of assets					62,675	-	62,675	-
Miscellaneous					162,130	316,710	478,840	131,416
Interest and investment earnings					367,830	1,035,066	1,402,896	92,703
Total general revenues					17,063,731	1,351,776	18,415,507	224,119
CHANGE IN NET POSITION					(166,228)	3,545,185	3,378,957	(74,759)
NET POSITION AT BEGINNING OF YEAR					18,406,435	56,085,971	74,492,406	9,681,289
NET POSITION AT END OF YEAR					$ 18,240,207	$ 59,631,156	$ 77,871,363	$ 9,606,530

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,534,099	$ 570,072	$ -	$ 3,104,171
Investments	2,808,115	1,006,584	2,709,721	6,524,420
Receivables, net	416,731	-	-	416,731
Due from other governments	391,954	-	215,572	607,526
Due from other funds	500,752	-	-	500,752
Inventory, at cost	22,093	-	-	22,093
Prepaid items	40,307	-	-	40,307
Restricted assets				
Cash and cash equivalents	448,125	-	-	448,125
TOTAL ASSETS	$ 7,162,176	$ 1,576,656	$ 2,925,293	$ 11,664,125
LIABILITIES				
Accounts payable	$ 1,027,245	$ 55,937	$ 16,996	$ 1,100,178
Accrued wages payable	286,341	1,517	-	287,858
Due to other funds	10,260	-	462,358	472,618
Unearned revenues	1,230,315	-	-	1,230,315
TOTAL LIABILITIES	2,554,161	57,454	479,354	3,090,969
FUND BALANCE				
Nonspendable	62,400	-	-	62,400
Restricted	448,125	1,519,202	2,445,939	4,413,266
Assigned	710,684	-	-	710,684
Unassigned	3,386,806	-	-	3,386,806
TOTAL FUND BALANCE	4,608,015	1,519,202	2,445,939	8,573,156
TOTAL LIABILITIES AND FUND BALANCE	$ 7,162,176	$ 1,576,656	$ 2,925,293	$ 11,664,125

See notes to the financial statements.

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

Fund balance, total governmental funds		$ 8,573,156
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental non-depreciable assets	$ 8,394,079	
Governmental depreciable assets	44,766,289	
Less accumulated depreciation	(28,080,521)	
		25,079,847
Deferred inflows of resources and deferred outflows of resources related to pensions are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	4,213,349	
Deferred inflows of resources related to pensions	(1,082,925)	
Deferred outflows of resources related to OPEB	1,340,330	
Deferred inflows of resources related to OPEB	(1,082,181)	
		3,388,573
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Revenue bonds payable	(463,400)	
Commercial bank notes	(63,000)	
Financing contracts payable	(38,000)	
Subscription liabilities	(268,420)	
Accrued interest on long-term debt	(12,942)	
Compensated absences	(1,065,678)	
Total OPEB liability	(3,814,615)	
Net pension liability	(13,075,314)	
		(18,801,369)
Net position of governmental activities		$ 18,240,207

See notes to the financial statements.

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

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
REVENUES				
Taxes	$ 8,756,343	$ 396,837	$ -	$ 9,153,180
Licenses, fees, and permits	1,785,026	-	-	1,785,026
Intergovernmental	6,181,732	310,305	1,945,545	8,437,582
Charges for services	1,008,809	-	-	1,008,809
Fines	62,718	-	-	62,718
Miscellaneous	582,459	37,592	76,484	696,535
Total revenues	18,377,087	744,734	2,022,029	21,143,850
EXPENDITURES				
Current:				
General government	3,923,264	-	52,775	3,976,039
Public safety	7,321,919	-	7,941	7,329,860
Transportation	1,217,687	-	-	1,217,687
Internal service	996,723	-	-	996,723
Economic environment	640,600	374,860	-	1,015,460
Human services	105,230	-	-	105,230
Culture and recreation	3,786,612	-	-	3,786,612
Capital outlay	680,878	36,100	2,506,013	3,222,991
Debt service:				
Principal	548,020	-	32,055	580,075
Interest	34,985	-	445	35,430
Total expenditures	19,255,918	410,960	2,599,229	22,266,107
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(878,831)	333,774	(577,200)	(1,122,257)
OTHER FINANCING SOURCES				
Issuance of subscription liabilities	-	-	148,556	148,556
NET CHANGE IN FUND BALANCE	(878,831)	333,774	(428,644)	(973,701)
FUND BALANCE, BEGINNING	5,486,846	1,185,428	2,874,583	9,546,857
FUND BALANCE, ENDING	$ 4,608,015	$ 1,519,202	$ 2,445,939	$ 8,573,156

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balance – governmental funds		$ (973,701)
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.		
Expenditures for capital assets	$ 3,222,991	
Less current year depreciation	(1,909,382)	
		1,313,609
Governmental funds do not report capital assets on the balance sheet; however, they are reported on the government-wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the statement of activities.		
Disposals of capital assets	(243,147)	
Accumulated depreciation associated with disposals	222,264	
Transfers/adjustments of capital assets	(1,499)	
Accumulated depreciation associated with transfers/adjustments	703	
Estimated acquisition value of donated capital assets	30,573	
		8,894
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments	580,075	
Issuance of subscription liabilities	(148,556)	
		431,519
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in net pension liability and related deferred outflows and inflows	(381,509)	
Change in total OPEB liability and related deferred outflows and inflows	(387,670)	
Change in accrued interest on long-term debt	6,163	
Change in compensated absences	(183,533)	
		(946,549)
Change in net position of governmental activities		$ (166,228)

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 653,146	$ 1,012,089	$ 595,248	$ 2,260,483
Investments	12,246,354	-	1,208,104	13,454,458
Receivables, net	838,188	337,702	79,056	1,254,946
Due from other governments	19,403	-	-	19,403
Due from other funds	-	10,260	-	10,260
Inventory, at cost	1,228,783	6,091	-	1,234,874
Total current assets	14,985,874	1,366,142	1,882,408	18,234,424
Non-current assets				
Restricted assets				
Cash and cash equivalents	3,118,738	-	3,811	3,122,549
Investments	7,394,317	-	-	7,394,317
Total restricted assets	10,513,055	-	3,811	10,516,866
Capital assets				
Non-depreciable	2,571,288	-	1,267,886	3,839,174
Depreciable, net	26,893,770	425,267	6,462,202	33,781,239
Total capital assets	29,465,058	425,267	7,730,088	37,620,413
Other assets				
Investment in component unit	7,677,225	-	-	7,677,225
Total non-current assets	47,655,338	425,267	7,733,899	55,814,504
TOTAL ASSETS	62,641,212	1,791,409	9,616,307	74,048,928
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	749,520	282,184	-	1,031,704
Deferred outflows related to OPEB	291,878	103,788	-	395,666
Deferred charges on refunding	147,751	-	-	147,751
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,189,149	385,972	-	1,575,121

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION – CONTINUED
SEPTEMBER 30, 2024

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
LIABILITIES				
Current liabilities				
Accounts payable	$ 786,601	$ 216,960	$ 77,202	$ 1,080,763
Accrued liabilities				
Compensated absences	46,606	7,643	-	54,249
Interest	50,096	-	-	50,096
Wages	75,009	22,326	-	97,335
Other	8,739	-	-	8,739
Due to other funds	12,100	-	26,294	38,394
Unearned revenues	2,029,413	-	-	2,029,413
Revenue bonds payable	1,034,094	-	-	1,034,094
State revolving fund loan payable	-	-	17,038	17,038
Payable from restricted assets				
Customer deposits	988,438	-	-	988,438
Total current liabilities	5,031,096	246,929	120,534	5,398,559
Non-current liabilities				
Compensated absences	141,379	14,104	-	155,483
Revenue bonds payable, net	5,347,605	-	-	5,347,605
State revolving fund loans payable, net	-	-	178,852	178,852
Net pension liability	2,325,984	875,702	-	3,201,686
Total OPEB liability	830,694	295,384	-	1,126,078
Total non-current liabilities	8,645,662	1,185,190	178,852	10,009,704
TOTAL LIABILITIES	13,676,758	1,432,119	299,386	15,408,263
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	192,642	72,527	-	265,169
Deferred inflows related to OPEB	235,662	83,799	-	319,461
TOTAL DEFERRED INFLOWS OF RESOURCES	428,304	156,326	-	584,630
NET POSITION				
Net investment in capital assets	23,828,634	425,267	7,508,186	31,762,087
Restricted				
Debt service	849,387	-	3,811	853,198
Capital system expansion	7,710,443	-	-	7,710,443
Unrestricted	17,336,835	163,669	1,804,924	19,305,428
TOTAL NET POSITION	$ 49,725,299	$ 588,936	$ 9,316,921	$ 59,631,156

See notes to the financial statements.

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

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
REVENUES				
Charges for services	$ 9,968,137	$ 4,208,554	$ 548,829	$ 14,725,520
OPERATING EXPENSES				
Personal services	2,638,703	905,205	-	3,543,908
Operating	4,403,950	3,119,839	324,018	7,847,807
Depreciation	2,259,646	159,956	538,248	2,957,850
Total operating expenses	9,302,299	4,185,000	862,266	14,349,565
OPERATING INCOME (LOSS)	665,838	23,554	(313,437)	375,955
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(118,443)	-	(6,334)	(124,777)
Interest income	946,359	22,651	66,056	1,035,066
Equity losses in component unit	(59,807)	-	-	(59,807)
Miscellaneous	194,688	121,754	268	316,710
Total non-operating revenues (expenses)	962,797	144,405	59,990	1,167,192
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,628,635	167,959	(253,447)	1,543,147
Capital contributions - impact fees	678,031	-	26,423	704,454
Capital contributions - other	739,444	-	-	739,444
Capital grants	58,652	-	499,488	558,140
Transfers in	-	-	1,250,000	1,250,000
Transfers out	(1,250,000)	-	-	(1,250,000)
Total capital contributions and transfers	226,127	-	1,775,911	2,002,038
CHANGE IN NET POSITION	1,854,762	167,959	1,522,464	3,545,185
NET POSITION AT BEGINNING OF YEAR	47,870,537	420,977	7,794,457	56,085,971
NET POSITION AT END OF YEAR	$ 49,725,299	$ 588,936	$ 9,316,921	$ 59,631,156

See notes to the financial statements.

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

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 10,108,973	$ 4,213,357	$ 548,257	$ 14,870,587
Payments to suppliers	(4,743,437)	(3,113,439)	(315,666)	(8,172,542)
Payments to employees	(2,636,792)	(951,416)	-	(3,588,208)
Miscellaneous income	194,688	121,754	268	316,710
Net cash provided by operating activities	2,923,432	270,256	232,859	3,426,547
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Interfund activity	(42,294)	-	338,774	296,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(1,986,890)	(16,330)	(1,060,377)	(3,063,597)
Proceeds from capital grants	-	-	1,541,090	1,541,090
Proceeds from impact fees	678,031	-	26,423	704,454
Principal paid on state revolving fund loans	-	-	(16,530)	(16,530)
Principal paid on revenue bonds	(1,092,127)	-	-	(1,092,127)
Interest paid on long-term debt	(110,600)	-	(6,334)	(116,934)
Net cash provided by (used in) capital and related financing activities	(2,511,586)	(16,330)	484,272	(2,043,644)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income	946,359	22,651	66,056	1,035,066
Proceeds from sale or maturity of investments	8,777,652	-	-	8,777,652
Purchases of investments	(17,647,184)	-	(1,208,104)	(18,855,288)
Net cash provided by (used in) investing activities	(7,923,173)	22,651	(1,142,048)	(9,042,570)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,553,621)	276,577	(86,143)	(7,363,187)
CASH AND CASH EQUIVALENTS, BEGINNING	11,325,505	735,512	685,202	12,746,219
CASH AND CASH EQUIVALENTS, ENDING	$ 3,771,884	$ 1,012,089	$ 599,059	$ 5,383,032

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF				
Current assets	$ 653,146	$ 1,012,089	$ 595,248	$ 2,260,483
Restricted assets	3,118,738	-	3,811	3,122,549
Total cash and cash equivalents	$ 3,771,884	$ 1,012,089	$ 599,059	$ 5,383,032
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 665,838	$ 23,554	$ (313,437)	$ 375,955
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	2,259,646	159,956	538,248	2,957,850
Miscellaneous revenue	194,688	121,754	268	316,710
Decrease (increase) in assets:				
Accounts receivable	56,663	4,803	(572)	60,894
Inventory	735	(97)	-	638
Increase in deferred outflows of resources	(92,285)	(22,223)	-	(114,508)
Increase (decrease) in liabilities:				
Accounts payable	(338,782)	6,497	8,352	(323,933)
Accrued wages	31,847	6,226	-	38,073
Other accrued liabilities	(1,440)	-	-	(1,440)
Customer deposits	84,173	-	-	84,173
Compensated absences	29,421	3,026	-	32,447
Total OPEB liability	(86,084)	(66,982)	-	(153,066)
Net pension liability	82,191	30,943	-	113,134
Increase in deferred inflows of resources	36,821	2,799	-	39,620
Net cash provided by operating activities	$ 2,923,432	$ 270,256	$ 232,859	$ 3,426,547
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS				
Equity losses in joint venture	$ (59,807)	$ -	$ -	$ (59,807)
Debt-related amortization	$ 16,417	$ -	$ -	$ 16,417
Capital grants receivable	$ 19,403	$ -	$ 32,887	$ 52,290
Value of real estate conveyed by developer	$ 739,444	$ -	$ -	$ 739,444

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024

	Scholarship Trust Fund
ASSETS	
Cash and cash equivalents	$ 17,495
Investments	429,101
TOTAL ASSETS	446,596
NET POSITION	
Restricted for scholarship recipients	$ 446,596

See notes to the financial statements.

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

	Scholarship Trust Fund
ADDITIONS	
Investment earnings	$ 25,326
DEDUCTIONS	
Administrative expenses	10
CHANGE IN FIDUCIARY NET POSITION	25,316
NET POSITION AT BEGINNING OF YEAR	421,280
NET POSITION AT END OF YEAR	$ 446,596

See notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Niceville, Florida (the City) was established in 1938. The City's original charter was enacted as Chapter 31034, Laws of Florida, in 1955. The present charter was most recently amended in 2022, by Ordinance Number 22-08-02. The City operates under a council-manager form of government and provides the following services: public safety (law enforcement, fire control, protective inspections and emergency and disaster relief services), transportation (road and street facilities), culture and recreation and special events, utility (sanitation, water and sewer, and stormwater) and general administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the City:

The Reporting Entity
As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government). In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and, as such, be included within the City's financial statements.

Niceville-Valparaiso Regional Sewer Board, Inc. (NVRSB) is a not-for-profit corporation organized to manage the operation and maintenance of a regional sewer system serving its original joint owners, the City of Niceville, Florida and the City of Valparaiso, Florida. The City of Niceville and Valparaiso are 80% and 20% owners, respectively. NVRSB's Board consists of four members; two appointed by each of the two participants. The Sewer Board is responsible for preparing and approving its own budget. The cost of operations, including additional equipment and inventory purchases, is accounted for, in total, on the books and financial statements of the NVRSB. The City of Niceville's 80% share of operating results of the NVRSB is reported in the City's Water and Sewer Enterprise Fund. The City's portion of the equity in the joint venture is $7,677,225 as of September 30, 2024.

A financial benefit/burden relationship exists between the City of Niceville and the NVRSB. In addition, it is determined that the NVRSB has a fiscal dependency on the City. Therefore, the NVRSB is a component unit of the City, and accordingly the, NVRSB's June 30, 2024 year-end financial information has been presented within the government-wide financial statements as a discretely presented component unit.

The NVRSB issues separate complete financial statements which may be obtained by contacting the Manager of the Niceville-Valparaiso Regional Sewer Board, Inc., 507 Hwy 85 N, Niceville, Florida 32578, e-mail address: ricknvrsb@embarqmail.com, phone number: (850) 678-6613.

As of September 30, 2024, the City also had a component unit, which has been presented in the financial statements of the primary government using the blended presentation method and is presented as a governmental fund type with a fiscal year-end of September 30. The Niceville Community Redevelopment Agency (the CRA) was established in 2012 pursuant to Chapter 163 Part III, Florida Statutes (the Community Redevelopment Act) to direct public revenues and programs to identified community areas for the enhancement and development of public infrastructure and facilities to simulate and support new private investment and development in economically underperforming areas of the City of Niceville (the City). All the City's Councilmembers serve as board members of the CRA. Therefore, the CRA's governing body is the same as the governing body of the City. The CRA functions as a department of the City. City management has operational and fiscal responsibility for the CRA's activities. The CRA has a separate standalone audit report that can be obtained by contacting the City's Finance Department, 208 North Partin Drive, Niceville, Florida 32578 or online at www.niceville.org.

The Niceville Housing Authority is considered a related organization to the City rather than a component unit. The City appoints the board members of the Niceville Housing Authority. However, the Authority's board of directors operates independently of the City Council and does not create a financial burden or benefit to the City.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus and Basis of Accounting

The government-wide and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recorded 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 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 to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is 60 days.

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 and claims and judgments, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes, gasoline taxes, and other intergovernmental revenues collected and held by the state at year-end on behalf of the City, are also recognized as revenue. All other revenue items are considered measurable and available only when cash is received by the government.

The Okaloosa County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Property Tax Calendar

Lien Date	January 1st
Levy Date	November 1st
Due Date	November 1st
Delinquent Date	April 1st

Discounts of 1% are granted for each month taxes are paid prior to March 1st.

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2024 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes, as operating revenues, the portion of tap fees intended to recover the cost of connecting customers to the system.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The following three broad classifications are used to categorize the fund types used by the City:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income. The City has the following major governmental funds:

General Fund – This is the City's primary operating fund and is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Community Redevelopment Agency (CRA) Fund – The CRA Fund, a special revenue fund, is the operating fund of the Niceville Community Redevelopment Agency (the CRA). It is used to account for the activities of the Agency. The primary revenue source for this fund is tax increment financing proceeds from ad valorem taxes.

Discretionary Sales Tax Fund – This is a special revenue fund used to account for proceeds received from discretionary sales taxes that are restricted by the taxpayer referendum that authorized the local option taxes for funding of critical needs, including essential law enforcement/public safety facilities and equipment, construction and repair of roads and bridges, flood control and water quality improvements, construction and improvement of other public facilities, and debt service.

Proprietary

Proprietary funds focus on the determination of net income, changes in net position, and cash flows. All the City's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the City's major proprietary funds:

Water and Sewer Fund – Accounts for the operations of the City that provides distribution of potable water, sales and service and sanitary wastewater collection, treatment and disposal.

Sanitation Fund – Accounts for the operations of the City that provides for solid waste collection, disposal and/or recycling.

Stormwater Fund – Accounts for the operations of the City that provides for stormwater utility services and collection.

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, individuals, and private organizations. 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 City has the following type of fiduciary fund:

Scholarship Trust Fund – Accounts for the resources held by the City to provide scholarship awards on a one-time basis to recipients for college, vocational or other technical training aid, pursuant to provisions of the Katie W. Moody Estate and Will. Scholarships are awarded based on interest earned on corpus held in the Fund.

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, are considered cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, allows for the investment of surplus public funds and prescribes the instruments in which those investments are authorized, specifically allowable investments include The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts at qualified public depositories, and direct obligations of the U.S. Treasury. The City adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which require the City to maintain deposits only with *Qualified Public Depositories*.

The City maintains a cash pool available for use by all funds. Earnings from the pool are allocated to the respective funds based on applicable cash participation by each fund. In addition, restricted cash accounts, money market deposit accounts and brokerage accounts are separately maintained by several City funds in accordance with bond ordinances and other contractual agreements.

Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

Services provided are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectible accounts. The allowance is computed using 65% of receivables in excess of 90 days.

Inventory

Inventory is valued at cost (first-in, first-out). The consumption method is used to account for inventory. Under the consumption method, inventory items are recorded as expenditures during the period inventory is used.

Restricted Assets

Restricted assets are maintained in both the governmental and business-type activities. Certain proceeds of long-term debt issues are classified as restricted assets because their use is limited by applicable debt covenants. Water meter deposits received from customers of the water and sewer system are restricted to use as payment of the final customer bill or returned to the customer upon settlement of the final bill. Additionally, impact fees from customers are restricted in the General Fund and the Water and Sewer Fund for future capital expansion projects.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, curbs and sidewalks, drainage systems, lighting systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost more than the following:

Land	All
Buildings and improvements	$2,500
Infrastructure	$2,500
Improvements – other	$2,500
Equipment, vehicles, computers	$2,500

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	**Years**
Buildings	15-50 Years
Improvements other than buildings	7-50 Years
System infrastructure	20-40 Years
Machinery and equipment	3-10 Years

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the governmental activities are typically liquidated from the General Fund.

The policy of the City for annual and sick leave is as follows:

- Upon completing 12 months of employment, an employee accrues 48 hours of sick leave. Thereafter, the employee accrues eight hours of sick leave per month.

- Upon completing 12 months of employment, an employee accrues 96 hours of annual leave, with the exception of a police officer who accrues 144 hours of annual leave. Thereafter, the employee, with the exception of a police officer, accrues eight hours of annual leave per month for the first seven years of employment. A police officer accrues 12 hours of annual leave per month regardless of the length of service.

- After the first seven years of employment, an employee accrues 12 hours of annual leave per month. Accrual of sick leave remains the same.

- Upon termination of employment, an employee will be paid for accumulated annual leave as indicated by the schedule on the following page, but all accumulated sick leave will be forfeited.

Years of Employment	Max. Number of Accumulated Hrs. to be paid
Up to 7 years	240
7 to 15 years	360
More than 15 years	480

Subscription-Based Information Technology Arrangements (SBITA's)

The City records a subscription asset and a related subscription liability for subscription-based information technology arrangements (SBITA's) at the commencement of the agreement. The subscription liability is measured at the present value of payments expected to be made during the subscription term. The subscription asset is measured at the initial amount of the subscription liability adjusted for any payments made at or before the beginning of the subscription term. The City monitors changes in circumstances that would require remeasurement of subscription assets and liabilities.

Long-Term Obligations
In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities.

In debt refundings, the difference between the re-acquisition price (new debt) and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is classified as a deferred inflow/outflow of resources and is amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

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

Net Pension Liability
For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement Systems (FRS) and Health Insurance Subsidy (HIS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. Investments are reported at fair value. Typically, pension liabilities of the governmental activities have been liquidated by the General Fund.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items that qualify for reporting in this category; deferred charges on refunding and activity related to the defined benefit pension and OPEB plans. See Notes 9 and 10 for additional information related to the defined benefit pension and OPEB plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Notes 9 and 10 for additional information related to the defined benefit pension and OPEB plans.

Classification of Fund Balance
GASB guidance clarifies governmental fund balance classifications and fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

Fund balance classifications are comprised of the following:

- *Nonspendable* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid items.

- *Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal action, Ordinance, of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally, which is an Ordinance, by the same level of decision-making authority (the City Council).

- *Assigned* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council has delegated authority for assigning fund balances to the City Manager.

- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

These classifications reflect not only the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance. In all other funds, unassigned is limited to negative residual fund balance.

The City, in its General Fund, presents nonspendable fund balance for inventory and prepaid items. Amounts appropriated for use in the subsequent fiscal year budget process are classified as assigned. Encumbrances with no contractual obligations are classified as assigned fund balances. All other amounts in the General Fund are considered unassigned.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally considered to be spent from the most restrictive classification first.

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- *Restricted* – This component of net position consists of restricted assets, other than capital assets, reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported

- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The City considers restricted amounts to be spent first when both restricted and unrestricted net position is available.

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

Reclassifications
Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on total fund balance or net position previously reported.

Subsequent Events
The City has evaluated events and transactions that occurred between September 30, 2024, and March 26, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets
Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

Encumbrances
Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources that are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding that are not expected to be satisfied by restricted or committed resources are reported as assignments of fund balance in the governmental fund types.

3. DEPOSITS AND INVESTMENTS

Deposits
The investment of surplus funds is governed by provision of Section 218.415, Florida Statutes, as to the type of investments that can be made. Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned.

The City manages its custodial credit risk by maintaining its deposits with *Qualified Public Depositories* as defined in Chapter 280, Florida Statutes. The provisions of this statute allow *Qualified Public Depositories* to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All *Qualified Public Depositories* must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a qualified public institution, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all *Qualified Public Depositories*. Deposits held in *Qualified Public Depositories* are considered fully insured or collateralized, and therefore, have no custodial credit risk.

As of September 30, 2024, the value of the City's deposits was $9,360,146, all of which was held by *Qualified Public Depositories*.

Investments
The types of allowable investments that can be made by the City are described in Note 1. As of September 30, 2024, the City's investments consist of brokerage accounts invested U.S. Treasury securities with the highest credit quality ratings ("Aaa" by Moody's) and participation in two intergovernmental investment pools. The City's investment activities also include a brokerage account for the Scholarship Trust Fiduciary Fund, which invests in U.S. Treasury securities.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The City minimizes interest rate risk by investing operating funds primarily in shorter-term securities.

As of September 30, 2024, the City held the following investments and related maturities:

		INVESTMENT MATURITIES (YEARS)		
	Fair Value	< 1	1-5	5-10
Investments subject to interest rate risk:				
U.S. Treasury bills	$ 1,590,657	$ 1,590,657	$ -	$ -
U.S. Treasury bonds	4,199,491	3,989,709	209,782	-
	5,790,148	$ 5,580,366	$ 209,782	$ -
Investments not subject to interest rate risk:				
External investment pools	22,012,148			
	$ 27,802,296			

Intergovernmental Investment Pools

The City has various investment accounts with two external investment pools: Florida PRIME and the Florida Short Term Asset Reserve (FL STAR) Government Fund. Funds are placed with the State Board of Administration (SBA) for participation in the Florida PRIME Investment Pool (Florida PRIME), created by Chapter 218, Florida Statutes. This investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The City's investment in Florida PRIME, a Security and Exchange Commission (SEC) Rule 2a7-like external investment, pool is reported at amortized cost, which is not materially different from fair value. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of $1 per share, provided that such funds meet certain conditions.

The City also participates in the FL STAR Government Fund. This investment pool is a stable net asset value (NAV) government investment pool established pursuant to Section 218.415, Florida Statutes and Section 163.01, Florida Statutes. The City's investment in FL STAR is reported at amortized cost, which generally approximates the fair value of securities in the fund. FL STAR is governed by a board of trustees, a separate legal entity and public body corporate and politic created pursuant to Section 163.01(7), Florida Statutes.

As of September 30, 2024, the City reported the following investments in external investment pools:

Name of Investment Pool	Carrying Value	S&P Rating	Average Maturity (WAM)
Florida PRIME	$ 4,441,934	AAAm	39 days
FLSTAR Government Fund	17,570,214	AAAm	25 days
Total	$ 22,012,148		

There were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Concentration of Credit Risk
The City's investment policy encourages diversification but does not specify limits on the amount that may be invested in any one issuer.

4. FAIR VALUE OF INVESTMENTS

The City measures and records its investments using the fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. The City had no Level 2 investments as of September 30, 2024.

- Level 3 – Unobservable inputs for an asset. The City had no Level 3 investments as of September 30, 2024.

The following table presents the investments carried at fair value on September 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury bills	$ 1,590,657	$ 1,590,657	$ -	$ -
U.S. Treasury bonds	4,199,491	4,199,491	-	-
Total debt securities	5,790,148	5,790,148	-	-
Total investments measured at fair value	5,790,148	$ 5,790,148	$ -	$ -
Investments measured at amortized cost	22,012,148			
Total investments on September 30, 2024	$ 27,802,296			

5. RECEIVABLES

Receivables on September 30, 2024, were as follows:

	Governmental Activities		Business-Type Activities			
	General	Disc. Sales Tax	Water & Sewer	Sanitation	Stormwater	Total
Accounts	$ 394,830	$ -	$ 876,514	$ 363,607	$ 49,914	$ 1,684,865
Interest	22,748	-	6,270	-	-	29,018
Other	-	-	-	-	32,887	32,887
Less allowance for doubtful accounts	(847)	-	(44,596)	(25,905)	(3,745)	(75,093)
Receivables, net	416,731	-	838,188	337,702	79,056	1,671,677
Due from other governments	391,954	215,572	19,403	-	-	626,929
Total	$ 808,685	$ 215,572	$ 857,591	$ 337,702	$ 79,056	$ 2,298,606

Other Receivables
Other receivables within the Stormwater Fund were comprised of a cost-reimbursement capital grant funded by the National Fish and Wildlife Foundation, a not-for-profit organization.

Due from Other Governments
Due from other governments within the General Fund was comprised of cost-reimbursement grants, half-cent sales tax, local option fuel tax, communications service taxes, and other various intergovernmental revenues. In the Discretionary Sales Tax Fund, amounts due from other governments consist of discretionary sales surtax revenues.

6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Adjustments / Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	$ 8,287,684	$ 30,573	$ -	$ -	$ 8,318,257
Construction in progress	167,616	226,062	-	(317,856)	75,822
Total capital assets not being depreciated	8,455,300	256,635	-	(317,856)	8,394,079
Capital assets being depreciated					
Buildings	6,727,999	59,370	-	8,466	6,795,835
Improvements other than buildings	16,803,381	1,561,587	-	307,891	18,672,859
Infrastructure	7,450,171	-	-	-	7,450,171
Machinery and equipment	10,319,855	1,225,466	(185,280)	-	11,360,041
Subscription assets	336,877	150,506	-	-	487,383
Library books	57,867	-	(57,867)	-	-
Total capital assets being depreciated	41,696,150	2,996,929	(243,147)	316,357	44,766,289
Less accumulated depreciation					
Buildings	(3,783,602)	(180,548)	-	(40,663)	(4,004,813)
Improvements other than buildings	(6,185,155)	(693,083)	-	(1,240,210)	(8,118,448)
Infrastructure	(6,739,282)	(132,715)	-	-	(6,871,997)
Machinery and equipment	(9,543,086)	(791,612)	164,397	1,281,576	(8,888,725)
Subscription assets	(85,114)	(111,424)	-	-	(196,538)
Library books	(57,867)	-	57,867	-	-
Total accumulated depreciation	(26,394,106)	(1,909,382)	222,264	703	(28,080,521)
Total capital assets being depreciated, net	15,302,044	1,087,547	(20,883)	317,060	16,685,768
Governmental activities, net	$ 23,757,344	$ 1,344,182	$ (20,883)	$ (796)	$ 25,079,847

	Beginning Balance	Increases	Decreases	Adjustments / Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	$ 1,980,577	$ 950,876	$ -	$ -	$ 2,931,453
Construction in progress	8,334,604	1,593,711	-	(9,020,594)	907,721
Total capital assets not being depreciated	10,315,181	2,544,587	-	(9,020,594)	3,839,174
Capital assets being depreciated					
Buildings	3,750,180	73,361	-	-	3,823,541
Improvements other than buildings	49,454,608	310,059	-	9,020,594	58,785,261
Machinery and equipment	7,620,581	875,034	(130,203)	-	8,365,412
Total capital assets being depreciated	60,825,369	1,258,454	(130,203)	9,020,594	70,974,214
Less accumulated depreciation					
Buildings	(2,713,041)	(118,627)	-	-	(2,831,668)
Improvements other than buildings	(26,252,244)	(2,041,454)	-	-	(28,293,698)
Machinery and equipment	(5,400,043)	(797,769)	130,203	-	(6,067,609)
Total accumulated depreciation	(34,365,328)	(2,957,850)	130,203	-	(37,192,975)
Total capital assets being depreciated, net	26,460,041	(1,699,396)	-	9,020,594	33,781,239
Business-type activities, net	$ 36,775,222	$ 845,191	$ -	$ -	$ 37,620,413

Construction in Progress – Business-Type Activities

As of September 30, 2024, construction in progress for business-type activities was primarily comprised of a multi-year project to expand the regional reclaim water system.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 394,453
Public safety	562,610
Transportation	381,713
Culture and recreation	570,606
Total depreciation expense – governmental activities	$ 1,909,382
Business-type activities	
Water and sewer	$ 2,259,646
Sanitation	159,956
Stormwater	538,248
Total depreciation expense – business-type activities	$ 2,957,850

7. UNEARNED REVENUES

The composition of unearned revenues as of September 30, 2024, was as follows:

	General Fund	Water and Sewer Fund	Total
Federal grant funding received in advance	$ 1,139,536	$ 2,029,413	$ 3,168,949
Business license taxes collected in advance	83,779	-	83,779
Other	7,000	-	7,000
Total	$ 1,230,315	$ 2,029,413	$ 3,259,728

The American Rescue Plan Act (ARPA) does not require unspent funds to be held in a separate bank account, and since the revenue is not earned, it is not a component of net position at either the fund or government-wide level. The terms of the grant require the funds to be expended by specific dates, and unspent grant funds are not typically considered restricted assets of the governmental unit. Therefore, the City has not reported the unspent proceeds as restricted assets as of September 30, 2024.

8. DEFERRED COMPENSATION PLAN

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan allows a participant to elect deferral of any portion of their salaries, with the City matching contributions varying from 3% to 12.5% of salary, based upon the participant's years of participation in the program. An employee must match the City's contribution until completion of five years continuous participation in the program, and the contribution may then go to the minimum 5% of salary. After 10 years of participation, the employee does not have to contribute.

The table below illustrates the City’s matching requirement based on each employee’s continuous years of participation in the program:

City's Matching Contribution	Percentage
1-3 years participation	3.0%
4-5 years participation	4.0%
6-7 years participation	6.0%
8-9 years participation	8.0%
10 or more years participation and under the purview of a bargaining unit	10.0%
10 or more years of service – all other employees	12.5%

The plan is closed to new entrants. The City's only responsibilities with regard to the plan are to fund its required matching contributions and to administer authorized payroll deductions. All other administrative requirements are the responsibility of the Empower Financial Group. Funds may be invested in annuity contracts providing for fixed annuity contributions at a guaranteed rate of interest, variable annuity contributions to a bond account and/or a stock account, or any combination thereof, at the participant's option.

In accordance with GASB guidance, the assets and liabilities of the plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the plan. Employees made contributions to the plan of $216,640 and the City made matching contributions of $24,560 during fiscal year 2024. As of September 30, 2024, assets of the plan had a fair value of $5,545,728.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM

All employees hired after October 2005 (October 2004 for police officers) are eligible to participate in the Florida Retirement System (FRS). Employees hired prior to October 2005 (October 2004 for police officers) have the option of participating in either the deferred compensation plan or FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("FRS Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Research and Education Section, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

FRS Plan

Plan Description

The pension plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided
Benefits under the pension plan are computed on the basis of age, average final compensation, and service credit. *Regular Class* members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.60% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Special Risk Class members (police and firefighters) enrolled before July 1, 2011, who retire at or after age 55 with at least six years of credited special risk service, or with 25 years of special risk service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

Senior Management Service Class members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

Elected Officers' Class members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

For pension plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all of the above classes of members and the normal retirement age has been increased to age 65, or 33 years of service regardless of age, for *Regular*, *Senior Management Service*, and *Elected Officers' Class* members, and to age 60, or 30 years of special risk service regardless of age, for *Special Risk Class* members. Also, the final average compensation for all these members is based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the pension plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions
Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for each of the prior three years are as follows:

	2024	2023	2022
Regular Class:	13.63%	13.57%	11.91%
Special Risk Class:	32.79%	32.67%	27.83%
Senior Management Class:	34.52%	34.52%	31.57%
DROP:	21.13%	21.13%	18.60%

These employer contribution rates include 2.00% for HIS Plan subsidies after July 1, 2023. The City's contributions, including employee contributions, to the FRS Plan totaled $1,823,671, $1,520,800, and $1,198,808 for the fiscal years ended September 30, 2024, 2023, and 2022, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources
As of September 30, 2024, the City reported a liability of $12,363,034 for its proportionate share of the FRS Plan's net pension liability. The City's proportionate share of the net pension liability was based on the City's share of contributions to the FRS Plan relative to the contributions of all participating governments. On June 30, 2024, the City's proportionate share was 0.031958456%.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended September 30, 2024, the City recognized pension expense of $2,250,845. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,248,998	$ -
Change of assumptions	1,694,467	-
Net difference between projected and actual earnings on pension plan investments	-	821,712
Changes in proportionate share of City's net pension liability and contributions	1,321,992	54,088
City pension plan contributions subsequent to the measurement date	456,758	-
	$ 4,722,215	$ 875,800

A component of deferred outflows of resources related to the pension plan of $456,758 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other components reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending September 30:	Amount
2025	$ 153,717
2026	2,387,140
2027	481,329
2028	208,219
2029	159,252
	$ 3,389,657

Actuarial Assumptions
The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of a 2024 actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on pension plan investments was not based on historical returns but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.10%
Fixed income	29.00%	5.70%	5.60%	3.90%
Global equity	45.00%	8.60%	7.00%	18.20%
Real estate	12.00%	8.10%	6.80%	16.60%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.60%	6.20%	8.70%
Total	100.00%			
Assumed inflation – mean			2.40%	1.50%

(1) As outlined in the pension plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability was 6.70%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	$ 21,746,144	$ 12,363,034	$ 4,502,689

Pension Plan Fiduciary Net Position
Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

HIS Plan
Plan Description
The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided
For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum HIS payment of $225 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions
The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2024, the HIS plan contribution was 2.00%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled $224,146, $179,983, and $149,030 for the fiscal years ended September 30, 2024, 2023, and 2022, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources
As of September 30, 2024, the City reported a liability of $3,913,966 for its proportionate share of the HIS Plan's net pension liability. On June 30, 2024, the City's proportionate share was 0.026091407%.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended September 30, 2024, the City recognized pension expense of $271,896. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,792	$ 7,515
Change of assumptions	69,268	463,363
Changes in proportionate share of City's net pension liability and contributions	358,898	1,416
City pension plan contributions subsequent to the measurement date	56,880	-
	$ 522,838	$ 472,294

A component of deferred outflows of resources related to the HIS Plan, totaling $56,880 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending September 30:	Amount
2025	$ 42,551
2026	12,901
2027	(31,301)
2028	(15,953)
2029	(9,861)
Thereafter	(4,673)
	$ (6,336)

Actuarial Assumptions
The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	3.93%

Mortality rates were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2021.
Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been

completed for that plan. The actuarial assumptions used in the July 1, 2024, valuation were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate
The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Net Position Liability to Changes in the Discount Rate
The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower one percentage point higher than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
City's proportionate share of the net pension liability	$ 4,455,547	$ 3,913,966	$ 3,464,366

Pension Plan Fiduciary Net Position
Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Pension Expense
For the fiscal year ended September 30, 2024, the City recognized an aggregate pension expense of $2,522,741 on all defined benefit pension plans.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

OPEB Plan
Plan Description
The City provides certain continuing health care and life insurance benefits for its retired employees. The plan is a single employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the City, employees, and retirees rests with the City Council. The plan does not issue a separate report. OPEB liabilities of the governmental activities are typically liquidated from the General Fund. There are no OPEB plan assets accumulated in a GASB compliant trust to pay for related plan benefits.

Plan Membership as of September 30, 2024

Inactive plan members or beneficiaries currently receiving benefit payments	20
Active employees	126
	146

Total OPEB Liability

Benefits Provided

Medical benefits are provided through comprehensive plans and are made available to employees upon actual retirement. For employees participating in the FRS pension plan, eligibility is the same as that of the pension plan. For non-FRS pension plan participants, employees are eligible to receive full benefits after 30 years.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2023, using the following actuarial assumptions:

Prior measurement date	September 30, 2023
Measurement date	September 30, 2024
Valuation date	October 1, 2023 Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported.
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	Average remaining service life of actives and reitrees
Asset valuation method	Fair value
Inflation	3.00% annually
Healthcare trend	Medical: 5.50% annually for 5 years, then decreasing to 4.14%; Dental: 4% if covered
Salary increase	3.00% annually

Prior discount rate	4.09%
Discount rate	3.81% annually which is the Bond Buyer 20-Bond General Obligation Index. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.
Retirement age	Age 62 and 30 years of service, or for special risk employees age 55 and 25 years of service; or, for employees hired after July 1st, 2011, age 65 and 33 years of service, or for special risk employees age 60 and 30 years of service. Retirement is assumed to occur after 30 years of service, or initial eligibility if later.
Mortality	120% of Pub-2010 for general employees and healthy retirees with MP-2021 scale
Turnover	Age specific table with an average of 15% when applied to the active census.

Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Total OPEB Liability (a) - (b)**
Balances at September 30, 2023	$ 4,500,923	$ -	$ 4,500,923
Changes for the year:			
Service cost	58,430	-	58,430
Interest	185,283	-	185,283
Differences between expected and actual experience	(11,861)	-	(11,861)
Changes of assumptions	262,521	-	262,521
Benefit payments	(54,603)	-	(54,603)
Net changes	439,770	-	439,770
Balances at September 30, 2024	$ 4,940,693	$ -	$ 4,940,693

Sensitivity of Total OPEB Liability to Changes in the Discount Rate:

	1% Decrease 2.81%	Current Discount Rate 3.81%	1% Increase 4.81%
Total OPEB liability	$ 5,771,825	$ 4,940,693	$ 4,279,726

Sensitivity of Total OPEB Liability to Changes in the Healthcare Trend Rate:

	1% Decrease 3.14-4.50%	Current Healthcare Trend 4.14-5.50%	1% Increase 5.14-6.50%
Total OPEB liability	$ 4,270,032	$ 4,940,693	$ 5,783,173

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources
For the fiscal year ended September 30, 2024, the City recognized OPEB expense of $234,038. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 631,588	$ 279,607
Changes of assumptions	1,104,408	1,122,035
Total	$ 1,735,996	$ 1,401,642

Components of deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (income) as follows:

Year ended September 30:	
2025	$ (9,674)
2026	(9,674)
2027	(9,674)
2028	(9,674)
2029	(9,674)
Thereafter	382,724
	$ 334,354

11. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2024, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Direct borrowings					
Financing contract - server upgrade	$ 132,220	$ -	$ (132,220)	$ -	$ -
Financing contract - library generator	76,000	-	(38,000)	38,000	38,000
Commercial bank note - real property acquisition	126,000	-	(63,000)	63,000	63,000
Subscription liabilities	239,419	148,556	(119,555)	268,420	118,763
Direct placements					
Non-Ad Valorem Revenue Bonds, Series 2021A	156,000	-	(52,000)	104,000	52,000
Non-Ad Valorem Revenue Bonds, Series 2021B	261,000	-	(87,000)	174,000	87,000
Other debt					
Tax Increment Financing Revenue Bonds, Series 2019	273,700	-	(88,300)	185,400	91,200
Compensated absences	882,145	1,003,120	(819,587)	1,065,678	334,340
Total governmental activities	$ 2,146,484	$ 1,151,676	$ (1,399,662)	$ 1,898,498	$ 784,303

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Direct borrowings					
Florida DEP State Revolving Loan, 2015	$ 212,420	$ -	$ (16,530)	$ 195,890	$ 17,038
Direct placements					
Water and Sewer Revenue Refunding Bonds, Series 2021	7,473,826	-	(1,092,127)	6,381,699	1,034,094
Compensated absences	177,285	160,845	(128,398)	209,732	54,249
Total business-type activities	$ 7,863,531	$ 160,845	$ (1,237,055)	$ 6,787,321	$ 1,105,381

Description of Long-Term Debt Outstanding

Governmental Activities – Direct Borrowings

In 2020, the City entered into a $635,998 financing contract for various computer-related equipment needed to perform a major upgrade to the City's network and servers. The contract had an interest rate of 4.12% and was secured by the underlying equipment. The contract was repaid in full in January 2024.

In 2020, the City entered into a $190,000 financing contract for the purchase and installation of a generator at the Niceville Public Library. The contract bears interest at 1.95% and requires annual payments of principal plus interest of $38,000 through September 2025. The contract is secured by the generator. In the event of default (non-payment), the lender may declare all installments payable until the end of the contract term to be immediately due and payable.

In 2020, the City obtained a commercial bank note in the amount of $315,000 to purchase two parcels of land on Armstrong Avenue for the Niceville Landing Project. The note requires annual principal payments of $63,000 and semi-annual interest payments at a fixed rate of 1.95% through September 2025. The note is secured by the real property acquired with the note proceeds. In the event of default (non-payment), the lender may declare all unpaid principal and accrued interest on the note to be immediately due and payable.

The City has entered into four subscription-based information technology arrangements (SBITAs) with various software vendors as the result of implementing GASB Statement No. 96 as of October 1, 2022. The City's subscription liability is measured using the present value of subscription payments expected to be remitted to the vendors during the subscription terms, including options reasonably certain to be exercised. The agreements require annual aggregate base payments ranging from $32,499 to $130,873. The discount rate used to calculate the present value of the subscription payments was 4.60%, which is the City's estimated incremental borrowing rate for equipment, software, and similar assets. The carrying value of the related subscription assets can be found in Note 6. In the event of default, the vendors may revoke the City's licenses to use the underlying software. These agreements do not contain any subjective acceleration clauses.

The direct borrowing issuances disclosed in this section do not contain any subjective acceleration clauses.

Governmental Activities – Direct Placements
In 2021, the City issued $260,000 Non-Ad Valorem Revenue Bonds, Series 2021A. The bonds require annual principal payments of $52,000 and semi-annual interest payments at a fixed rate of 1.40% through October 2025. The bonds are secured by pledged non-ad valorem revenues. The bond proceeds were utilized to purchase a parcel of real estate for the Niceville Landing Project.

In 2021, the City issued $435,000 Non-Ad Valorem Revenue Bonds, Series 2021B. The bonds require annual principal payments of $87,000 and semi-annual interest payments at a fixed rate of 3.25% through October 2025. The bonds are secured by pledged non-ad valorem revenues. The bond proceeds were utilized to purchase a parcel of real estate for the Niceville Landing Project.

For the direct placement issuances disclosed above, in the event of nonpayment, the lender may declare all unpaid principal to be immediately due and payable. This remedy is not available to the lender for any other events of default other than nonpayment. In addition, these issuances do not contain any subjective acceleration clauses.

Governmental Activities – Other Debt
In 2019, the City issued $600,000 Tax Increment Financing Revenue Bonds, Series 2019. The bonds have a fixed interest rate of 2.50% and mature in March 2026. The bonds require semi-annual payments of principal and interest ranging from $1,197 to $95,391. The bonds are secured by pledged non-ad valorem revenues. The bond proceeds were utilized to purchase real property for the Niceville Landing Project. There are no significant finance-related consequences in the event of default or termination, and there are no subjective acceleration clauses.

Business-Type Activities – Direct Borrowings
In 2014, the City obtained a note payable totaling $440,188 from the State of Florida Department of Environmental Protection Revolving Loan Fund requiring semiannual payments of $11,432, including interest at 2.62%, through maturity in August 2034. The note is secured by pledged gross revenues derived from stormwater utility fees. Proceeds were used to finance wastewater treatment facility construction. The lender may notify financial market credit rating agencies, file suit for past due amounts, and accelerate repayment of unpaid principal to as much as 1.667 times the financing rate (3.333 times for the Series 2002A revolving loan) in the event of default (non-payment). The note payable does not contain any subjective acceleration clauses.

Business-Type Activities – Direct Placements
In 2021, the City issued $9,008,612 Water and Sewer Revenue Refunding Bonds, Series 2021, which bear interest at 1.57%. The bonds require semi-annual installments of principal and interest ranging from $65,926 to $854,739 through maturity in October 2032. Bond proceeds were used to fully refund the outstanding principal of three bond issuances and six state revolving fund loans in the Water and Sewer Fund. The bonds are secured by pledged net revenues derived from the water and sewer system. The bonds do not contain any significant finance-related consequences in the event of default or termination, and there are no subjective acceleration clauses.

Pledged Revenues

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2024. The table that follows reports the revenues, sometimes net of related operating expenses, pledged for each debt issuance, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of principal and interest on the debt at year end.

Debt Outstanding	Pledged Revenue	Current Year Total Pledged Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Governmental Activities						
Commercial bank note - real property acquisition	Non-ad valorem revenues	$ 14,385,528	$ 64,229	0%	$ 65,457	2025
Non-Ad Valorem Revenue Bonds Series 2021A	Non-ad valorem revenues	$ 14,385,528	$ 105,456	1%	$ 53,820	2026
Non-Ad Valorem Revenue Bonds Series 2021B	Non-ad valorem revenues	$ 14,385,528	$ 179,663	1%	$ 94,088	2026
Tax Increment Financing Revenue Bonds, Series 2019	Non-ad valorem revenues	$ 14,385,528	$ 190,131	1%	$ 94,134	2026
Business-Type Activities						
Water & Sewer Revenue Refunding Bonds, Series 2021C	Water & sewer revenues	$ 9,968,137	$ 6,732,034	68%	$ 1,202,757	2033

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave as of September 30, 2024, are as follows:

Governmental Activities

Year ending September 30	Revenue Bonds		Commercial Bank Notes Payable	
	Principal	Interest	Principal	Interest
2025	$ 230,200	$ 8,877	$ 63,000	$ 1,229
2026	233,200	2,973	-	-
Total	$ 463,400	$ 11,850	$ 63,000	$ 1,229

Governmental Activities - Continued

Year ending September 30	Subscription Liabilities		Financing Contracts Payable	
	Principal	Interest	Principal	Interest
2025	$ 118,763	$ 12,110	$ 38,000	$ 741
2026	57,889	6,783	-	-
2027	60,608	4,064	-	-
2028	31,160	1,339	-	-
Total	$ 268,420	$ 24,296	$ 38,000	$ 741

Business-Type Activities

Year ending September 30	Revenue Bonds		State Revolving Loans	
	Principal	Interest	Principal	Interest
2025	$ 1,034,094	$ 93,918	$ 17,038	$ 5,827
2026	1,043,381	77,586	17,560	5,305
2027	949,754	61,301	18,097	4,768
2028	916,857	46,609	18,652	4,213
2029	713,406	33,784	19,223	3,642
2030-2034	1,724,207	37,137	105,320	9,006
Total	$ 6,381,699	$ 350,335	$ 195,890	$ 32,761

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2024, were as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 12,100
General	Stormwater	$ 26,294
General	Discretionary Sales Tax	$ 462,358
Sanitation	General	$ 10,260

Interfund receivables and payables are comprised of expenditures paid by one fund on behalf of another fund. Historically, all such balances are satisfied within one year.

The composition of interfund transfers for the year ended September 30, 2024, were as follows:

Interfund Transfers

Transfer Out Fund	Transfer In Fund	Amount
Water and Sewer	Stormwater	$ 1,250,000

Transfers between funds occur on a routine basis and are consistent with the activities of the fund making the transfer, contingent upon the availability of funds.

13. RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance through commercial carriers which includes workers' compensation, comprehensive general liability, and automobile physical damage.

The remaining insurance coverage, which includes but is not limited to property, flood, inland marine, boiler and machinery, and fiduciary, is purchased from various commercial carriers. The City maintains minimal deductibles for insurance policies purchased through these carriers. There has been no significant reduction in insurance coverage from prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

14. ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2024, were $194,314 in the General Fund and $5,001 in the Discretionary Sales Tax Fund.
Encumbrances at year-end do not constitute expenditures or liabilities; therefore, they are not

reflected in the accompanying statement of revenues, expenditures, and changes in fund balance. Encumbrances are reported as assigned fund balance in the General Fund, unless included in a more restrictive classification (i.e., restricted or committed). Encumbrances are not reported as assignments of fund balance in the special revenue funds as those resources are restricted or committed for specific purposes.

15. GOVERNMENTAL FUND BALANCES

As of September 30, 2024, the City's governmental fund balances were classified as follows:

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
Nonspendable				
Inventory	$ 22,093	$ -	$ -	$ 22,093
Prepaid items	40,307	-	-	40,307
Total nonspendable	62,400	-	-	62,400
Restricted for				
Capital expansion projects	404,748	-	-	404,748
Discretionary sales taxes	-	-	2,445,939	2,445,939
Law enforcement	43,377	-	-	43,377
Redevelopment projects	-	1,519,202	-	1,519,202
Total restricted	448,125	1,519,202	2,445,939	4,413,266
Assigned for				
Capital projects and equipment	132,700	-	-	132,700
FY 2025 appropriations	577,984	-	-	577,984
Total assigned	710,684	-	-	710,684
Unassigned	3,386,806	-	-	3,386,806
	$ 4,608,015	$ 1,519,202	$ 2,445,939	$ 8,573,156

16. COMMITMENTS AND CONTINGENCIES

Grants
Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amount, if any, to be immaterial.

Reclaimed Water
In October 2020, the City entered into an agreement with Okaloosa County to purchase capacity

from its reclaimed water system. The County recently completed upgrades to its Arbennie Pritchett Water Reclamation Facility and is in the process of constructing an 11-mile pipeline transmission main, which has a hydraulic capacity of four million gallons per day. The City has committed to paying for a minimum of 800,000 gallons per day of annual average daily flow and the County commits to providing at least this amount at a rate of $0.21 per thousand gallons. This rate is intended to recoup monthly operations and maintenance costs related to the reclaimed water system. The agreement has no stated end date, and any adjustments to the rate shall only be revised via a written amendment to the agreement.

Joint Public Infrastructure Project

In January 2020, the City entered into an agreement with a local property developer regarding the construction of a master pump station with larger force mains to increase sewer service capacity to the northeastern part of the City, and specifically, the Deer Moss Creek community. The estimated cost of the Rocky Bayou Master Pump Station and Force Main Project was $1,050,000. Under the terms of the contract, the City was responsible for the construction of the master pump station and force mains, including handling all phases of bidding, contracting, and construction. The developer was responsible for half of the project costs to be satisfied through a combination of payment for the engineering design work and permitting for the master pump station, and the conveyance of not less than two acres of real property to the City. The land conveyed by the developer will be used by the City for the construction of a public water tower and other public facilities. As of September 30, 2024, construction was complete on the Rocky Bayou Master Pump Station and the replacement of force main. In August 2024, the property developer conveyed a two-acre parcel of real estate to the City within the Deer Moss Creek subdivision. The estimated acquisition value of the land contributed was $739,444, which has been reported as a capital contribution in the Water and Sewer Fund in the accompanying financial statements.

Fire Protection Services Agreement

In 2019, the City executed an interlocal agreement with the City of Valparaiso (Valparaiso) to enhance fire protection services in both jurisdictions. The agreement allowed for the sharing of personnel, equipment, and facilities to provide mutual aid for fire protection and emergency services to residents of both municipalities. The agreement was terminated in September 2024 and a new agreement was signed and effective in October 2024. While the duties and responsibilities of both municipalities in the new agreement are similar to those of the previous agreement, the new agreement is more detailed and comprehensive. The new interlocal fire protection agreement has a one-year term expiring September 30, 2025, and requires Valparaiso to pay the City $800,000 in equal monthly installments during the contract term to offset the personnel costs associated with providing the fire and emergency services to Valparaiso residents.

Joint Park Improvement Project – Meigs Park
In January 2024, the City entered into an interlocal agreement with Okaloosa County, Florida (the County) to develop an Americans with Disabilities Act (ADA) park facility. The project shall consist of the design and construction of improvements within Meigs Park that may specifically serve special needs children, Special Olympics events, and other minor organized events. The County will contribute $2 million toward the project, consisting of a $1.25 million state grant appropriation and up to $750,000 from the County's Tourism Development District (TDD). The County's funding will be used for the design, engineering, and construction related to the installation of a combined volleyball and basketball court, a baseball diamond, and a playground structure. The City is responsible for the funding and construction of a bathroom facility, a perimeter fence, and parking at Meigs Park. Upon completion of the project, the City will also be responsible for operating and maintaining the park. The project is in the planning and design phase as of September 30, 2024.

Deer Moss Creek Development Agreement
In June 2024, the City entered into a development agreement for the construction of an aerial sewer system in the Deer Moss Creek subdivision. Under the terms of the contract, the City paid the developer $192,852 for its share of the construction costs for the system in August 2024. The developer is responsible for constructing the aerial sewer system that meets the City's specifications within two years. If the developer has not constructed the system by June 2026, the developer will fully refund the City's contribution for the project costs.

17. SUBSEQUENT EVENTS

Water Meter Replacement Project
In February 2025, the City entered into an agreement with a specialty contractor to replace and upgrade residential water meters for an estimated cost of $1,885,256. The project is expected to be completed in 2025.

Palm Boulevard Multi-Use Trail
In February 2025, the City entered into an agreement with a specialty contractor to build a multi-use trail on Palm Boulevard from Bayshore Drive to 27th Street. The total contract price is $878,722. The project is expected to be completed in 2025.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 8,985,580	$ 8,985,580	$ 8,756,343	$ (229,237)
Licenses, fees and permits	1,845,000	1,845,000	1,785,026	(59,974)
Intergovernmental	6,750,820	6,750,820	6,181,732	(569,088)
Charges for services	688,080	688,080	1,008,809	320,729
Fines	25,700	25,700	62,718	37,018
Miscellaneous	277,140	277,140	582,459	305,319
Total revenues	18,572,320	18,572,320	18,377,087	(195,233)
EXPENDITURES				
Current				
General government	5,047,960	5,047,960	3,923,264	1,124,696
Public safety	7,624,230	7,624,230	7,321,919	302,311
Transportation	1,333,670	1,333,670	1,217,687	115,983
Internal service	1,198,430	1,198,430	996,723	201,707
Economic environment	350,000	350,000	640,600	(290,600)
Human services	105,230	105,230	105,230	-
Culture and recreation	4,496,350	4,496,350	3,786,612	709,738
Capital outlay	7,102,830	7,102,830	680,878	6,421,952
Debt service				
Principal	460,520	460,520	548,020	(87,500)
Interest	25,570	25,570	34,985	(9,415)
Total expenditures	27,744,790	27,744,790	19,255,918	8,488,872
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(9,172,470)	(9,172,470)	(878,831)	8,293,639
OTHER FINANCING SOURCES				
Issuance of long-term debt	5,500,000	5,500,000	-	(5,500,000)
Transfers in	1,250,000	1,250,000	-	(1,250,000)
Total other financing sources	6,750,000	6,750,000	-	(6,750,000)
NET CHANGE IN FUND BALANCE	(2,422,470)	(2,422,470)	(878,831)	1,543,639
FUND BALANCE AT BEGINNING OF YEAR	2,422,470	2,422,470	5,486,846	3,064,376
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 4,608,015	$ 4,608,015

See notes to the budgetary comparison schedules.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY REDEVELOPMENT AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 396,830	$ 396,830	$ 396,837	$ 7
Intergovernmental	310,310	310,310	310,305	(5)
Miscellaneous	21,130	21,130	37,592	16,462
Total revenues	728,270	728,270	744,734	16,464
EXPENDITURES				
Current				
Economic environment	815,650	815,650	374,860	440,790
Capital outlay	1,163,400	1,163,400	36,100	1,127,300
Total expenditures	1,979,050	1,979,050	410,960	1,568,090
NET CHANGE IN FUND BALANCE	(1,250,780)	(1,250,780)	333,774	1,584,554
FUND BALANCE AT BEGINNING OF YEAR	1,250,780	1,250,780	1,185,428	(65,352)
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 1,519,202	$ 1,519,202

See notes to the budgetary comparison schedules.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DISCRETIONARY SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	$ 1,931,070	$ 1,931,070	$ 1,945,545	$ 14,475
Miscellaneous	87,040	87,040	76,484	(10,556)
Total revenues	2,018,110	2,018,110	2,022,029	3,919
EXPENDITURES				
Current				
General government	59,150	59,150	52,775	6,375
Public safety	100,000	100,000	7,941	92,059
Capital outlay	3,915,830	3,915,830	2,506,013	1,409,817
Debt service				
Principal	-	-	32,055	(32,055)
Interest	-	-	445	(445)
Total expenditures	4,074,980	4,074,980	2,599,229	1,475,751
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,056,870)	(2,056,870)	(577,200)	1,479,670
OTHER FINANCING SOURCES				
Issuance of subscription liabilities	-	-	148,556	148,556
NET CHANGE IN FUND BALANCE	(2,056,870)	(2,056,870)	(428,644)	1,628,226
FUND BALANCE AT BEGINNING OF YEAR	2,056,870	2,056,870	2,874,583	817,713
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 2,445,939	$ 2,445,939

See notes to the budgetary comparison schedules.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Budgetary data reflected in the financial statements are established by the following procedures. During the month of June, City departments submit their proposed expenditures or requested appropriations to the City Manager for consideration. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the City Manager during July. The City Manager along with the Council determine if any changes are deemed necessary and establish dates for tentative and final public budget hearings as prescribed by Florida Statutes.

Proposed budgets are advertised by newspapers of general circulation in the City. Public hearings are conducted for the purpose of hearing requests and complaints from the public. In the event the final budget has not been adopted by October 1, the beginning of the fiscal year, Florida Statutes provide for expenditures based on the adopted tentative budget. The final budget is adopted by ordinance. Any subsequent amendments must be enacted in the same manner as the original budget.

Budget amounts reflected in the financial statements are originally adopted amounts as amended by the City Council by revision of fund totals. One budget amendment was passed for the Discretionary Sales Tax Fund via ordinance during the fiscal year ended September 30, 2024. The amendment only transferred budgeted amounts among expenditure accounts and had no impact on total budgeted appropriations.

The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The City Manager is authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.031958456%	0.029341453%	0.026608069%	0.025454710%	0.025867958%	0.026268484%	0.024789488%	0.023997376%	0.022901996%	0.021050316%
City's proportionate share of the net pension liability	$ 12,363,034	$ 11,691,640	$ 9,900,340	$ 1,922,814	$ 11,211,554	$ 9,046,500	$ 7,466,722	$ 7,098,263	$ 5,782,772	$ 2,718,932
City's covered payroll	$ 11,044,900	$ 10,006,386	$ 9,058,436	$ 8,376,564	$ 7,854,292	$ 7,649,639	$ 7,040,335	$ 6,536,239	$ 6,199,965	$ 5,942,512
City's proportionate share of the net pension liability as a percentage of its covered payroll	111.93%	116.84%	109.29%	22.95%	142.74%	118.26%	106.06%	108.60%	93.27%	45.75%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

*The amounts presented for each fiscal year were determined as of June 30th.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.026091407%	0.025251052%	0.023672162%	0.022559865%	0.021877250%	0.021852314%	0.020670426%	0.019900400%	0.019153650%	0.018456270%
City's proportionate share of the net pension liability	$ 3,913,966	$ 4,010,204	$ 2,507,260	$ 2,767,307	$ 2,671,177	$ 2,445,055	$ 2,187,781	$ 2,127,843	$ 2,232,279	$ 1,882,250
City's covered payroll	$ 11,044,900	$ 10,006,386	$ 9,058,436	$ 8,376,564	$ 7,854,292	$ 7,649,639	$ 7,040,335	$ 6,536,239	$ 6,199,965	$ 5,942,512
City's proportionate share of the net pension liability as a percentage of its covered payroll	35.44%	40.08%	27.68%	33.04%	34.01%	31.96%	31.07%	32.55%	36.00%	31.67%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

*The amounts presented for each fiscal year were determined as of June 30th.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,823,671	$ 1,520,800	$ 1,198,808	$ 1,011,336	$ 874,614	$ 833,528	$ 733,290	$ 657,296	$ 558,502	$ 513,225
Contributions in relation to the contractually required contribution	(1,823,671)	(1,520,800)	(1,198,808)	(1,011,336)	(874,614)	(833,528)	(733,290)	(657,296)	(558,502)	(513,225)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 11,207,300	$ 10,284,743	$ 8,977,711	$ 8,135,843	$ 7,610,542	$ 7,446,867	$ 6,922,771	$ 6,518,795	$ 5,914,157	$ 4,250,060
Contributions as a percentage of covered payroll	16.27%	14.79%	13.35%	12.43%	11.49%	11.19%	10.59%	10.08%	9.44%	12.08%

*The amounts presented in this schedule are for the City’s fiscal year instead of the plan’s year.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 224,146	$ 179,983	$ 149,030	$ 135,055	$ 126,335	$ 123,618	$ 114,918	$ 108,212	$ 98,175	$ 70,551
Contributions in relation to the contractually required contribution	(224,146)	(179,983)	(149,030)	(135,055)	(126,335)	(123,618)	(114,918)	(108,212)	(98,175)	(70,551)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 11,207,300	$ 10,284,743	$ 8,977,711	$ 8,135,843	$ 7,610,542	$ 7,446,867	$ 6,922,771	$ 6,518,795	$ 5,914,157	$ 4,250,060
Contributions as a percentage of covered payroll	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

*The amounts presented in this schedule are for the City's fiscal year instead of the plan's year.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)

Reporting Date	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 58,430	$ 58,795	$ 108,338	$ 105,183	$ 112,911	$ 50,294	$ 63,444
Interest	185,283	173,816	127,220	121,344	125,065	130,768	120,185
Difference between expected and actual experience	(11,861)	79,781	(357,460)	196,655	31,970	629,461	(46,702)
Changes in assumptions and other inputs *	262,521	(43,148)	(1,387,320)	55,865	574,192	798,250	(249,503)
Benefit payments	(54,603)	(62,694)	(59,426)	(54,109)	(51,288)	(66,806)	(63,323)
Net change in total OPEB liability	439,770	206,550	(1,568,648)	424,938	792,850	1,541,967	(175,899)
Total OPEB liability – beginning	4,500,923	4,294,373	5,863,021	5,438,083	4,645,233	3,103,266	3,279,165
Total OPEB liability – ending	$ 4,940,693	$ 4,500,923	$ 4,294,373	$ 5,863,021	$ 5,438,083	$ 4,645,233	$ 3,103,266
Covered employee payroll	$ 7,304,250	$ 7,139,816	$ 6,931,860	$ 6,984,215	$ 6,780,791	$ 6,247,940	$ 6,065,961
Total OPEB liability as a percentage of covered employee payroll	67.64%	63.04%	61.95%	83.95%	80.20%	74.35%	51.16%

Notes:

* Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following discount rates were used for each period:

  2024: 3.81%
  2023: 4.09%
  2022: 4.02%
  2021: 2.15%
  2020: 2.21%
  2019: 2.66%

There are no OPEB plan assets accumulated in a GASB compliant trust to pay for related plan benefits.

This schedule is intended to show information for ten years. Additional years will be displayed as data becomes available.

III. STATISTICAL SECTION (UNAUDITED)

This section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, and note disclosures say about the City's overall financial Health.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive and annual financial reports for the relevant year.*

CITY OF NICEVILLE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	$ 13,903,053	$ 14,363,252	$ 15,207,976	$ 15,728,306	$ 15,439,953	$ 15,924,538	$ 17,552,162	$ 18,707,674	$ 22,493,005	$ 23,569,910
Restricted	1,062,837	1,064,769	684,754	1,014,248	1,508,999	2,808,367	3,595,234	4,650,988	4,499,122	4,413,266
Unrestricted (deficit)	1,219,064	678,378	631,361	(3,518,005)	(4,808,216)	(4,699,469)	(5,240,953)	(5,951,354)	(8,585,692)	(9,742,969)
Total governmental activities net position	$ 16,184,954	$ 16,106,399	$ 16,524,091	$ 13,224,549	$ 12,140,736	$ 14,033,436	$ 15,906,443	$ 17,407,308	$ 18,406,435	$ 18,240,207
Business-type activities										
Net investment in capital assets	$ 17,295,135	$ 16,180,483	$ 17,605,104	$ 19,189,187	$ 19,715,526	$ 21,668,627	$ 24,587,875	$ 24,866,543	$ 30,272,809	$ 31,762,087
Restricted	7,306,340	7,224,183	7,411,130	6,114,007	4,904,576	5,689,903	6,337,995	7,813,725	8,098,373	8,563,641
Unrestricted	14,103,277	17,027,172	17,057,595	18,509,566	20,792,999	20,577,271	19,781,985	20,115,842	17,714,789	19,305,428
Total business-type activities net position	$ 38,704,752	$ 40,431,838	$ 42,073,829	$ 43,812,760	$ 45,413,101	$ 47,935,801	$ 50,707,855	$ 52,796,110	$ 56,085,971	$ 59,631,156
Primary government										
Net investment in capital assets	$ 31,198,188	$ 30,543,735	$ 32,813,080	$ 34,917,493	$ 35,155,479	$ 37,593,165	$ 42,140,037	$ 43,574,217	$ 52,765,814	$ 55,331,997
Restricted	8,369,177	8,288,952	8,095,884	7,128,255	6,413,575	8,498,270	9,933,229	12,464,713	12,597,495	12,976,907
Unrestricted	15,322,341	17,705,550	17,688,956	14,991,561	15,984,783	15,877,802	14,541,032	14,164,488	9,129,097	9,562,459
Total primary government net position	$ 54,889,706	$ 56,538,237	$ 58,597,920	$ 57,037,309	$ 57,553,837	$ 61,969,237	$ 66,614,298	$ 70,203,418	$ 74,492,406	$ 77,871,363

NOTES:

The City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015.

The City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018.

CITY OF NICEVILLE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
General government	$ 2,610,657	$ 2,774,741	$ 2,755,195	$ 2,992,962	$ 3,169,458	$ 3,167,883	$ 3,550,849	$ 3,522,888	$ 3,916,637	$ 4,432,491
Public safety	3,344,371	3,726,238	4,220,756	4,775,056	5,509,655	5,715,864	5,653,758	5,783,696	8,274,730	8,460,996
Transportation	856,698	922,304	968,948	1,059,251	1,263,951	1,170,690	1,293,274	1,240,065	1,499,350	1,652,287
Internal services	622,187	692,131	713,115	782,061	909,510	879,893	809,847	962,854	1,092,709	1,088,789
Economic environment	-	-	22,172	405,888	162,098	92,929	820,649	164,722	209,005	1,015,460
Human services	82,245	57,256	56,000	56,000	55,998	57,681	78,925	95,556	104,280	105,230
Culture and recreation	2,377,996	2,721,034	2,840,973	3,032,663	3,466,779	3,626,752	3,393,067	3,750,506	4,701,863	4,534,452
Debt service interest	37,267	28,010	54,238	39,421	34,118	24,577	68,195	46,398	41,935	29,267
Total governmental activities expenses	9,931,421	10,921,714	11,631,397	13,143,302	14,571,567	14,736,269	15,668,564	15,566,685	19,840,509	21,318,972
Business-type activities										
Water and sewer	6,318,745	6,489,807	6,982,475	7,162,548	7,909,848	7,985,935	7,315,094	8,278,466	9,531,673	9,480,549
Sanitation	2,597,089	2,743,219	2,855,930	3,007,267	3,451,152	3,619,023	3,297,357	3,874,282	4,209,059	4,185,000
Stormwater utility management	299,143	366,884	345,807	341,481	427,157	340,838	522,043	574,365	532,041	868,600
Total business-type activities expenses	9,214,977	9,599,910	10,184,212	10,511,296	11,788,157	11,945,796	11,134,494	12,727,113	14,272,773	14,534,149
Total primary government expenses	$ 19,146,398	$ 20,521,624	$ 21,815,609	$ 23,654,598	$ 26,359,724	$ 26,682,065	$ 26,803,058	$ 28,293,798	$ 34,113,282	$ 35,853,121
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 2,091,837	$ 2,215,150	$ 2,555,198	$ 2,577,585	$ 2,840,217	$ 2,203,326	$ 2,083,420	$ 2,072,328	$ 2,254,594	$ 2,317,938
Program Revenues										
Governmental activities										
Charges for services										
General government	$ 2,236,981	$ 2,221,681	$ 2,028,024	$ 401,379	$ 554,223	$ 430,214	$ 518,983	$ 433,893	$ 584,579	$ 660,659
Public safety	232,715	256,596	241,625	275,395	306,182	358,485	379,028	465,488	437,289	392,917
Transportation	74,479	75,568	89,451	90,603	91,789	93,012	94,270	95,566	96,901	111,155
Culture and recreation	273,401	223,676	218,934	149,984	245,148	159,137	172,603	185,749	199,198	230,378
Operating grants and contributions	144,844	133,972	140,988	583,486	382,735	2,438,864	1,674,745	351,069	664,899	2,105,559
Capital grants and contributions	-	42,132	609,616	181,452	32,505	561,654	705,234	221,246	304,065	588,345
Total governmental activities program revenues	2,962,420	2,953,625	3,328,638	1,682,299	1,612,582	4,041,366	3,544,863	1,753,011	2,286,931	4,089,013
Business-type activities										
Charges for services										
Water and sewer	7,401,523	7,409,423	7,923,941	8,107,712	8,347,132	8,724,834	8,599,612	8,744,192	9,313,718	9,968,137
Sanitation	2,830,023	2,877,603	2,944,689	3,047,638	3,203,980	3,369,224	3,508,308	3,693,119	3,897,566	4,208,554
Stormwater utility management	465,594	470,757	475,500	481,849	484,803	492,335	501,301	508,489	519,769	548,829
Operating grants and contributions	498,401	61,030	-	94,973	234,994	-	535,437	58,430	15,350	-
Capital grants and contributions	965,859	882,622	813,541	1,781,570	1,173,115	1,828,540	1,017,553	2,195,838	5,531,245	2,002,038
Total business-type activities program revenues	12,161,400	11,701,435	12,157,671	13,513,742	13,444,024	14,414,933	14,162,211	15,200,068	19,277,648	16,727,558
Total primary government program revenues	$ 15,123,820	$ 14,655,060	$ 15,486,309	$ 15,196,041	$ 15,056,606	$ 18,456,299	$ 17,707,074	$ 16,953,079	$ 21,564,579	$ 20,816,571
Component Unit:										
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 3,033,767	$ 2,242,986	$ 2,145,182	$ 2,681,981	$ 3,112,972	$ 2,115,371	$ 3,113,470	$ 2,124,557	$ 1,674,288	$ 2,019,060

CITY OF NICEVILLE, FLORIDA
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Net (Expenses) Revenues										
Governmental activities	$ (6,969,001)	$ (7,968,089)	$ (8,302,759)	$ (11,461,003)	$ (12,958,985)	$ (10,694,903)	$ (12,123,701)	$ (13,813,674)	$ (17,553,578)	$ (17,229,959)
Business-type activities	2,946,423	2,101,525	1,973,459	3,002,446	1,655,867	2,469,137	3,027,717	2,472,955	5,004,875	2,193,409
Total primary government net expense	$ (4,022,578)	$ (5,866,564)	$ (6,329,300)	$ (8,458,557)	$ (11,303,118)	$ (8,225,766)	$ (9,095,984)	$ (11,340,719)	$ (12,548,703)	$ (15,036,550)
Component Unit:										
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 941,930	$ 27,836	$ (410,016)	$ 104,396	$ 272,755	$ (87,955)	$ 1,030,050	$ 52,229	$ (580,306)	$ (298,878)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	$ 3,099,280	$ 3,313,938	$ 3,485,119	$ 3,694,760	$ 3,948,230	$ 4,193,588	$ 4,457,247	$ 4,743,387	$ 5,416,526	$ 6,448,017
Utility service taxes	1,961,807	1,990,813	2,039,441	2,159,118	2,170,933	2,276,026	2,341,857	2,487,137	2,718,485	2,800,266
Other taxes	-	-	-	3,395,591	4,521,288	4,793,023	5,641,520	6,079,223	6,170,258	6,041,035
Intergovernmental, unrestricted	1,991,998	2,093,101	2,207,084	588,797	632,484	615,607	762,279	1,074,110	1,295,464	1,181,778
Gain on sale of assets	-	-	-	-	-	-	-	-	-	62,675
Miscellaneous	35,175	61,067	357,021	28,188	35,700	26,048	49,440	90,672	218,690	162,130
Interest and investment earnings	18,644	19,389	31,786	42,245	100,488	83,311	44,365	40,010	233,282	367,830
Transfers	260,000	590,000	600,000	600,000	466,049	600,000	700,000	800,000	2,500,000	-
Total governmental activities	7,366,904	8,068,308	8,720,451	10,508,699	11,875,172	12,587,603	13,996,708	15,314,539	18,552,705	17,063,731
Business-type activities										
Miscellaneous	194,079	189,675	204,673	200,471	208,331	290,363	268,270	377,641	344,660	316,710
Interest and investment earnings	38,314	25,886	63,859	67,941	202,192	363,200	176,067	37,659	440,326	1,035,066
Transfers	(260,000)	(590,000)	(600,000)	(600,000)	(466,049)	(600,000)	(700,000)	(800,000)	(2,500,000)	-
Total business-type activities	(27,607)	(374,439)	(331,468)	(331,588)	(55,526)	53,563	(255,663)	(384,700)	(1,715,014)	1,351,776
Total primary government	$ 7,339,297	$ 7,693,869	$ 8,388,983	$ 10,177,111	$ 11,819,646	$ 12,641,166	$ 13,741,045	$ 14,929,839	$ 16,837,691	$ 18,415,507
Niceville-Valparaiso Regional Sewer Board, Inc.										
Miscellaneous	$ 7,740	$ 8,563	$ 162,506	$ 2,597	$ 2,318	$ 10,213	$ 9,220	$ 9,221	$ 9,220	$ 131,416
Investment earnings	6,549	7,388	7,635	11,721	18,669	29,619	23,461	11,587	43,547	92,703
Total component unit	$ 14,289	$ 15,951	$ 170,141	$ 14,318	$ 20,987	$ 39,832	$ 32,681	$ 20,808	$ 52,767	$ 224,119
Change in Net Position										
Governmental activities	$ 397,903	$ 100,219	$ 417,692	$ (952,304)	$ (1,083,813)	$ 1,892,700	$ 1,873,007	$ 1,500,865	$ 999,127	$ (166,228)
Business-type activities	2,918,816	1,727,086	1,641,991	2,670,858	1,600,341	2,522,700	2,772,054	2,088,255	3,289,861	3,545,185
Total primary government	$ 3,316,719	$ 1,827,305	$ 2,059,683	$ 1,718,554	$ 516,528	$ 4,415,400	$ 4,645,061	$ 3,589,120	$ 4,288,988	$ 3,378,957
Niceville-Valparaiso Regional Sewer Board, Inc. (component unit)	$ 956,219	$ 43,787	$ (239,875)	$ 118,714	$ 293,742	$ (48,123)	$ 1,062,731	$ 73,037	$ (527,539)	$ (74,759)

CITY OF NICEVILLE, FLORIDA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	$ 33,136	$ 31,074	$ 38,227	$ 31,457	$ 107,638	$ 29,367	$ 18,186	$ 18,685	$ 27,011	$ 62,400
Restricted	1,062,837	1,064,769	684,754	938,443	305,552	352,753	373,922	362,281	439,111	448,125
Assigned	1,699,048	2,698,505	3,839,312	3,106,131	3,291,427	3,595,191	3,851,483	443,251	2,704,967	710,684
Unassigned	3,392,316	2,442,363	1,717,656	1,247,052	686,933	2,096,362	1,897,516	4,993,784	2,315,757	3,386,806
Total General Fund	$ 6,187,337	$ 6,236,711	$ 6,279,949	$ 5,323,083	$ 4,391,550	$ 6,073,673	$ 6,141,107	$ 5,818,001	$ 5,486,846	$ 4,608,015
All other governmental funds										
Restricted	$ -	$ -	$ 17,942	$ 75,805	$ 1,203,447	$ 2,455,614	$ 3,221,312	$ 4,288,707	$ 4,060,011	$ 3,965,141
Unassigned (deficit)	(16,454)	(5,220)	-	-	-	-	-	-	-	-
Total all other governmental funds	$ (16,454)	$ (5,220)	$ 17,942	$ 75,805	$ 1,203,447	$ 2,455,614	$ 3,221,312	$ 4,288,707	$ 4,060,011	$ 3,965,141

CITY OF NICEVILLE, FLORIDA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	$ 5,018,650	$ 5,332,739	$ 5,556,765	$ 5,858,399	$ 6,123,655	$ 6,545,552	$ 6,927,217	$ 7,322,141	$ 8,124,364	$ 9,153,180
Licenses, fees and permits	1,541,487	1,589,181	1,475,460	1,585,374	1,606,540	1,577,483	1,644,661	1,920,480	2,006,537	1,785,026
Intergovernmental	2,432,978	2,502,446	3,217,005	3,330,631	4,143,278	6,894,930	7,225,930	5,951,241	6,718,886	8,437,582
Charges for services	626,246	749,793	746,501	646,977	899,734	681,517	790,550	703,785	878,359	1,008,809
Fines	58,323	54,123	62,782	62,794	64,071	46,999	41,836	40,692	38,717	62,718
Miscellaneous	391,643	114,264	111,276	106,823	184,427	132,488	117,327	154,236	561,305	696,535
Total revenues	10,069,327	10,342,546	11,169,789	11,590,998	13,021,705	15,878,969	16,747,521	16,092,575	18,328,168	21,143,850
Expenditures										
General government	2,263,689	2,381,166	2,301,918	2,406,166	2,717,205	2,752,279	3,103,074	2,989,700	3,374,972	3,976,039
Public safety	3,202,573	3,289,258	3,546,380	4,024,731	4,430,112	4,540,560	4,917,998	5,196,702	6,429,419	7,329,860
Transportation	712,648	733,453	751,360	802,110	950,055	838,185	1,013,128	951,976	1,120,576	1,217,687
Internal service	652,611	659,287	677,452	714,646	754,747	698,961	766,206	925,756	970,160	996,723
Economic environment	-	-	22,172	405,888	162,098	92,929	820,649	164,722	209,005	1,015,460
Human services	82,245	56,496	56,288	56,000	55,998	57,681	78,925	95,556	104,280	105,230
Culture and recreation	2,179,723	2,352,862	2,392,237	2,545,122	2,758,332	2,765,322	2,827,322	3,242,186	3,709,932	3,786,612
Capital outlay	475,283	1,933,106	2,079,639	1,541,904	1,421,136	2,202,156	3,315,476	1,957,832	4,978,554	3,222,991
Debt service										
Principal	412,538	445,300	620,421	554,013	607,844	713,027	421,352	570,770	677,952	580,075
Interest	37,267	28,010	54,238	39,421	34,118	24,577	45,259	53,086	39,078	35,430
Total expenditures	10,018,577	11,878,938	12,502,105	13,090,001	13,891,645	14,685,677	17,309,389	16,148,286	21,613,928	22,266,107
Excess of revenues over (under) expenditures	50,750	(1,536,392)	(1,332,316)	(1,499,003)	(869,940)	1,193,292	(561,868)	(55,711)	(3,285,760)	(1,122,257)
Other Financing Sources (Uses)										
Issuance of subscription liabilities	-	-	-	-	-	-	-	-	225,909	148,556
Issuance of long-term debt	-	1,007,000	500,000	-	600,000	1,140,998	695,000	-	-	-
Proceeds from sale of capital assets	-	-	298,716	-	-	-	-	-	-	-
Transfers in	260,000	590,000	600,000	600,000	466,049	600,000	700,000	800,000	2,500,000	-
Total other financing sources (uses)	260,000	1,597,000	1,398,716	600,000	1,066,049	1,740,998	1,395,000	800,000	2,725,909	148,556
Net changes in fund balances	$ 310,750	$ 60,608	$ 66,400	$ (899,003)	$ 196,109	$ 2,934,290	$ 833,132	$ 744,289	$ (559,851)	$ (973,701)
Debt service as a percentage of noncapital expenditures	4.71%	4.76%	6.47%	5.14%	5.15%	5.91%	3.33%	4.40%	4.31%	3.23%

CITY OF NICEVILLE, FLORIDA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(UNAUDITED)
LAST TEN FISCAL YEARS

	Real Property		Personal Property		Total			
Year*	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2015	$ 876,647,701	$ 1,007,641,036	$ 53,037,164	$ 60,962,257	$ 929,684,865	$ 1,068,603,293	0.87	3.700
2016	$ 925,777,944	$ 1,064,112,579	$ 54,551,786	$ 62,703,202	$ 980,329,730	$ 1,126,815,781	0.87	3.700
2017	$ 978,803,816	$ 1,151,533,901	$ 58,637,265	$ 68,985,018	$ 1,037,441,081	$ 1,220,518,919	0.85	3.700
2018	$ 1,046,275,362	$ 1,230,912,191	$ 59,362,206	$ 69,837,889	$ 1,105,637,568	$ 1,300,750,080	0.85	3.700
2019	$ 1,109,295,545	$ 1,305,053,582	$ 65,778,239	$ 77,386,164	$ 1,175,073,784	$ 1,382,439,746	0.85	3.700
2020	$ 1,160,668,676	$ 1,365,492,560	$ 64,675,918	$ 76,089,315	$ 1,225,344,594	$ 1,441,581,875	0.85	3.700
2021	$ 1,270,507,129	$ 1,494,714,269	$ 64,989,898	$ 76,458,704	$ 1,335,497,027	$ 1,571,172,973	0.85	3.700
2022	$ 1,454,853,231	$ 1,711,592,036	$ 68,808,120	$ 80,950,729	$ 1,523,661,351	$ 1,792,542,765	0.85	3.700
2023	$ 1,607,118,014	$ 1,890,727,075	$ 72,067,434	$ 84,785,216	$ 1,679,185,448	$ 1,975,512,291	0.85	4.000
2024	$ 1,699,325,658	$ 1,999,206,656	$ 75,975,131	$ 89,382,507	$ 1,775,300,789	$ 2,088,589,163	0.85	4.000

Source: Okaloosa County Property Appraiser's Office

* The 2024 tax roll is the basis for fiscal year 2025 property tax revenues

CITY OF NICEVILLE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
(UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year *	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 3,218,758	$ 2,947,195	91.56%	1,989	$ 2,949,184	91.62%
2016	$ 3,444,685	$ 3,149,847	91.44%	2,788	$ 3,152,635	91.52%
2017	$ 3,633,823	$ 3,322,098	91.42%	1,845	$ 3,323,943	91.47%
2018	$ 3,844,628	$ 3,504,748	91.16%	1,345	$ 3,505,757	91.19%
2019	$ 4,094,647	$ 3,751,330	91.62%	676	$ 3,752,006	91.63%
2020	$ 4,351,272	$ 3,973,759	91.32%	1,399	$ 3,975,158	91.36%
2021	$ 4,648,882	$ 4,455,546	95.84%	1,079	$ 4,456,625	95.86%
2022	$ 4,944,357	$ 4,742,156	95.91%	2,615	$ 4,744,771	95.96%
2023	$ 5,643,445	$ 5,411,805	95.90%	925	$ 5,412,730	95.91%
2024	$ 6,724,833	$ 6,158,311	91.58%	27	$ 6,158,338	91.58%

Source: Okaloosa County Tax Collector

* Fiscal year 2024 property tax revenues are based on the 2023 millage rate

CITY OF NICEVILLE, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER $100 OF ASSESSED VALUE
(UNAUDITED)
LAST TEN FISCAL YEARS

	City Direct Rates		Overlapping Rates**			
Year *	Operating Millage	Total Direct	Okaloosa County	School District	Northwest Florida Water Management	Total Overlapping Rates
2015	3.7000	3.7000	3.4308	7.2790	0.0378	10.7476
2016	3.7000	3.7000	3.4308	6.9070	0.0366	10.3744
2017	3.7000	3.7000	3.8308	6.5880	0.0353	10.4541
2018	3.7000	3.7000	3.8308	6.3610	0.0338	10.2256
2019	3.7000	3.7000	3.8308	6.2060	0.0327	10.0695
2020	3.7000	3.7000	3.8308	6.0350	0.0311	9.8969
2021	3.7000	3.7000	3.8308	5.9430	0.0294	9.8032
2022	3.7000	3.7000	3.8308	5.5790	0.0261	9.4359
2023	4.0000	4.0000	3.8308	5.4770	0.0234	9.3312
2024	4.0000	4.0000	3.8308	5.3790	0.0218	9.2316

Source: Okaloosa County Property Appraiser's Office

* The 2024 millage rate is the basis for fiscal year 2025 tax revenues

**Overlapping rates are those of local and county governments that apply to property owners within the City.

CITY OF NICEVILLE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	City Share of Overlapping Debt
Overlapping debt			
Okaloosa County School District			
Certificates of participation	$ 2,317,000	7.52%	$ 174,287
Financing contracts	80,670,000	7.52%	6,068,086
Lease and subscription liabilities	4,436,353	7.52%	333,707
Okaloosa County			
Revenue bonds	68,566,634	7.52%	5,157,658
Revenue notes	16,396,000	7.52%	1,233,325
Financing contracts	61,738	7.52%	4,644
Subtotal Overlapping Debt	172,447,725		12,971,707
City direct debt:			
Commercial bank note	63,000	100.00%	63,000
Revenue bonds	463,400	100.00%	463,400
Financing contracts	38,000	100.00%	38,000
Subscription liabilities	268,420	100.00%	268,420
Subtotal Direct Debt	832,820		832,820
Total Direct and Overlapping Debt	$ 173,280,545		$ 13,804,527

Sources: Okaloosa County, Okaloosa County School District

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Niceville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Overlapping percentage calculation based on total population of Okaloosa County versus population in Niceville.

CITY OF NICEVILLE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities						Business-Type Activities					
Fiscal Year	Revenue Bonds	Notes Payable	Sales Tax Refunding Bonds	Gas Tax Refunding Bonds	Financing Contracts	Subscription Liabilities	Revenue Refunding Bonds	State Revolving Loans	Financing Contracts	Total Primary Government	Percentage of Personal Income	Per Capita Debt
2015	$ -	$ -	$ 595,481	$ 859,282	$ 140,381	$ -	$ 11,829,650	$ 3,845,614	$ 1,094,000	$ 18,364,408	4.30%	$ 1,380
2016	$ -	$ -	$ 451,766	$ 651,771	$ 1,053,307	$ -	$ 10,853,546	$ 3,735,602	$ 967,000	$ 17,712,992	3.93%	$ 1,313
2017	$ -	$ -	$ 237,581	$ 437,586	$ 1,293,488	$ -	$ 9,845,002	$ 3,619,989	$ 837,000	$ 16,270,646	3.39%	$ 1,162
2018	$ -	$ -	$ 156,366	$ 221,928	$ 1,104,115	$ -	$ 8,754,313	$ 3,501,076	$ 704,000	$ 14,441,798	3.07%	$ 995
2019	$ 600,000	$ -	$ -	$ -	$ 874,565	$ -	$ 7,798,049	$ 3,379,203	$ 568,000	$ 13,219,817	2.33%	$ 850
2020	$ 522,200	$ 315,000	$ -	$ -	$ 1,065,336	$ -	$ 6,814,526	$ 3,251,276	$ 430,000	$ 12,398,338	2.13%	$ 828
2021	$ 1,137,000	$ 252,000	$ -	$ -	$ 787,184	$ -	$ 9,008,612	$ 244,024	$ 289,000	$ 11,717,820	1.63%	$ 731
2022	$ 915,200	$ 189,000	$ -	$ -	$ 501,214	$ -	$ 8,597,150	$ 228,461	$ 145,000	$ 10,576,025	1.30%	$ 653
2023	$ 690,700	$ 126,000	$ -	$ -	$ 208,220	$ 239,419	$ 7,473,826	$ 212,420	$ -	$ 8,950,585	1.20%	$ 543
2024	$ 463,400	$ 63,000	$ -	$ -	$ 38,000	$ 268,420	$ 6,381,699	$ 195,890	$ -	$ 7,410,409	0.92%	$ 447

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: Beginning in FY2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Sources: Personal income data provided by the local Chamber of Commerce

CITY OF NICEVILLE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Utility Charges	Less Operating Expenses	Net Available Revenue	Water and Sewer Revenue Bonds Debt Service		State Revolving Loans Debt Service		Financing Contracts		Total
				Principal	Interest	Principal	Interest	Principal	Interest	Coverage
2015	$ 7,305,600	$ 4,571,157	$ 2,734,443	$ 650,120	$ 153,434	$ 95,537	$ 181,787	$ 124,000	$ 6,500	2.26
2016	$ 7,435,423	$ 4,654,905	$ 2,780,518	$ 658,559	$ 266,071	$ 110,012	$ 100,068	$ 127,000	$ 18,240	2.17
2017	$ 7,923,941	$ 4,833,977	$ 3,089,964	$ 706,176	$ 252,473	$ 115,613	$ 97,255	$ 130,000	$ 15,965	2.35
2018	$ 8,107,712	$ 5,236,514	$ 2,871,198	$ 721,523	$ 238,178	$ 118,914	$ 94,363	$ 133,000	$ 13,638	2.18
2019	$ 8,347,132	$ 5,969,316	$ 2,377,816	$ 956,264	$ 223,406	$ 121,873	$ 91,826	$ 136,000	$ 11,257	1.54
2020	$ 8,724,834	$ 6,075,236	$ 2,649,598	$ 983,523	$ 204,015	$ 127,927	$ 96,722	$ 138,000	$ 8,832	1.70
2021	$ 8,599,612	$ 5,686,063	$ 2,913,549	$ 909,216	$ 173,910	$ 128,933	$ 51,310	$ 141,000	$ 7,612	2.06
2022	$ 8,744,192	$ 6,188,761	$ 2,555,431	$ 411,462	$ 139,492	$ 15,563	$ 7,301	$ 144,000	$ 5,116	3.53
2023	$ 9,313,718	$ 6,877,438	$ 2,436,280	$ 1,123,324	$ 128,647	$ 16,041	$ 6,825	$ 145,000	$ 2,567	1.71
2024	$ 9,968,137	$ 7,042,653	$ 2,925,484	$ 1,092,127	$ 110,600	$ 16,530	$ 6,334	$ -	$ -	2.39

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

Note: Debt service amounts above do not include principal for debt that is paid off before maturity through an advance refunding. All previously outstanding Water and Sewer Revenue Bond issuances and state revolving fund loans were advance refunded in 2021.

CITY OF NICEVILLE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)

	2024			2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Ruckel Properties	$ 26,678,505	1	1.50%	$ 8,535,463	2	0.92%
Valparaiso Realty	$ 23,333,444	2	1.31%	$ 16,412,782	1	1.77%
Florida Power & Light (formerly Gulf Power Co.)	$ 17,273,506	3	0.97%	$ 8,220,405	3	0.88%
Sunbelt Rentals #268	$ 10,106,379	4	0.57%	$ 4,653,674	7	0.50%
Twin Cities Hospital	$ 8,063,280	5	0.45%			
SHM Emerald Coast, LLC	$ 7,923,289	6	0.45%			
Sage Niceville Hospitality LLC	$ 6,926,240	7	0.39%			
VRC Crossing Rocky Bayou LLC	$ 6,809,942	8	0.38%	$ 4,541,514	8	0.49%
Walmart Inc	$ 6,794,155	9	0.38%	$ 5,432,444	5	0.58%
GMSP Niceville LLC	$ 6,592,555	10	0.37%			
HCA				$ 5,461,787	4	0.59%
Mill Creek Village, Inc.				$ 5,280,945	6	0.57%
Okaloosa Hospital Inc., 30948				$ 4,364,398	9	0.47%
Embarq Corp				$ 3,832,913	10	0.41%
Total	$ 120,501,295		6.79%	$ 66,736,325		7.18%
Total Taxable Assessed Value of Other Taxpayers	$ 1,654,799,494		93.21%	$ 862,948,540		92.82%
Total Taxable Assessed Value	$ 1,775,300,789		100.00%	$ 929,684,865		100.00%

Source: Okaloosa County Property Appraiser's Office

CITY OF NICEVILLE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population	Personal Income*	Per Capita Personal Income	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2015	13,312	$ 426,596	$ 32,046	14	19,114	4.2%
2016	13,489	$ 450,924	$ 33,429	14	18,001	4.1%
2017	14,008	$ 480,054	$ 34,270	16	16,453	2.8%
2018	14,508	$ 470,523	$ 32,432	16	18,057	2.3%
2019	15,558	$ 568,365	$ 36,532	16	15,827	2.2%
2020	14,976	$ 581,758	$ 38,846	14	15,618	3.7%
2021	16,040	$ 717,100	$ 44,707	14	12,768	3.2%
2022	16,186	$ 813,981	$ 50,289	14	14,122	2.2%
2023	16,492	$ 743,221	$ 45,066	14	12,862	2.7%
2024	16,594	$ 804,732	$ 48,495	14	13,661	2.8%

*Thousands of dollars

Sources: Population data provided by Florida Office of Economic & Demographic Research; education level information provided by the University of Florida; personal income provided by the local Chamber of Commerce; School enrollment data provided by the Okaloosa County School Board; unemployment rates provided by Florida Department of Economic Opportunity

CITY OF NICEVILLE, FLORIDA
PRINCIPAL EMPLOYERS - CURRENT YEAR
(UNAUDITED)

	2024			2015		
Taxpayer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Okaloosa County School District	4,846	1	4.67%			
HCA Florida Fort Walton-Destin Hospital	1,285	3	1.24%			
Walmart (Okaloosa County Combined)	1,200	2	1.16%			
Okaloosa County (Government)	1,109	4	1.07%			
Publix	1,015	5	0.98%			
North Okaloosa Medical Center	729	6	0.70%	650	5	0.67%
Northwest Florida State College	726	7	0.70%			
Reliance Test and Technology	700	8	0.67%			
Lockheed Martin	677	9	0.65%	800	3	0.82%
Eglin Federal Credit Union	454	10	0.44%			
White Wilson Medical Center				412	9	0.42%
Fort Walton Beach Medical Center				1,050	1	1.08%
Jacobs Engineering Group, Inc.				1,000	2	1.03%
InDyne, Inc.				800	3	0.82%
L-3 Crestview Aerospace				615	6	0.63%
NEW, Inc.				560	7	0.58%
Boeing Company				450	8	0.46%
BAE Systems				380	10	0.39%
Total	12,741		12.27%	6,717		6.91%
Total County Employment	103,841			97,219		

Sources: One Okaloosa; Economic Development Council; Federal Reserve Bank of St. Louis; U.S. Department of Commerce

CITY OF NICEVILLE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Physical arrests	367	343	450	515	503	377	249	298	201	267
Traffic violations	2,254	1,763	1,750	1,728	2,012	1,429	1,632	1,451	1,478	2,624
Fire										
Emergency responses	1,720	1,922	1,250	1,504	1,760	1,428	1,522	1,728	1,943	2,017
Inspections	350	150	365	328	538	96	135	110	100	438
Building										
Permits issued	1,818	1,430	1,165	1,436	1,208	1,454	1,648	1,649	1,377	1,339
Library										
Volumes in collection	77,144	76,069	78,867	73,565	75,959	75,561	73,555	73,456	72,932	75,141
Water										
New connections	128	104	96	113	104	148	115	175	189	97
Average daily consumption (thousands of gallons)	2,314	2,074	2,464	2,344	3,114	2,570	2,515	2,557	2,734	3,026

Sources: Various City departments.
Note: Indicators are not available for the general government function.

CITY OF NICEVILLE, FLORIDA
FULL-TIME EQUIVALENT - CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government										
Executive	2	2	2	2	2	2	2	2	2	4
Financial and administrative	7	7	7	10	13	13	10	12	11	15
Planning	0	0	1	1	1	1	1	1	1	2
Building	2	2	3	3	3	3	3	3	2	3
Other	8	10	7	5	5	4	5	10	8	6
Public safety										
Police	32	32	31	34	39	36	36	30	39	42
Fire	16	16	16	19	22	21	24	23	25	26
Physical environment										
Other public works	15	14	14	14	15	15	13	13	13	15
Transportation	3	4	5	5	6	5	5	5	8	7
Culture and recreation										
Parks and recreation	20	20	23	26	31	29	27	28	21	29
Library	8	7	8	10	13	13	13	11	13	13
Water	18	19	17	16	16	16	20	17	17	18
Sanitation	11	11	10	10	12	12	13	9	8	9
Other	0	0	0	0	1	1	1	0	0	0
Total	142	144	144	155	179	171	173	164	168	189

Source: City Budget Office

CITY OF NICEVILLE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	23	30	37	39	36	36	39	39
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	80.5	81.0	81.0	81.8	74.9	75.9	75.9	77.7	79.0	87.1
Streetlights	1,802	1,812	1,815	1,815	1,815	1,815	2,132	2,132	2,132	2,140
Parks and recreation										
Acreage	116.9	287.7	287.7	287.7	289.6	291.2	293.8	294.0	294.0	294.0
Mini-parks	4	4	4	4	4	4	1	4	4	4
Neighborhood parks	8	5	5	5	5	5	5	5	5	5
Community parks	12	16	16	16	17	17	18	18	18	18
Other parks	1	1	1	1	1	1	-	-	-	-
Water										
Water mains (miles)	126	126	126	131	137	137	141	144	149	154
Fire hydrants	732	762	769	772	792	798	814	813	814	894
Number of service connections	9,774	9,763	9,766	9,963	10,274	11,143	10,394	11,343	11,605	20,779
Storage capacity (thousands of gallons)	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Wastewater										
Number of sanitary sewers	70	70	70	70	86	87	91	122	126	181
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	8,032	8,115	8,115	8,286	8,584	8,566	8,735	8,776	9,058	9,167
Storm sewers (miles)	33	34.9	34.9	31.5	32.0	32.0	33.0	45.0	47.3	52.0

Sources: Various City departments

Note: No capital asset indicators are available for the general government or library function.

IV. COMPLIANCE SECTION

- **OTHER SUPPLEMENTARY INFORMATION**
- **COMPLIANCE MATTERS**
- **MANAGEMENT LETTER**

CITY OF NICEVILLE, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Source	Amount Received in the 2023-2024 Fiscal Year	Amount Expended in the 2023-2024 Fiscal Year
Florida Gulf Environmental Benefit Fund:		
Boggy Bayou Watershed Quality Improvements [1]	$ 1,541,090	$ 138,397

[1] This is a private grant from a not-for-profit organization.

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited the financial statements of the City of Niceville, Florida (the City) as of and for the year ended September 30, 2024, and have issued our report thereon dated March 26, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on the previous page is presented for the purpose of additional analysis as required by Section 288.8018, Florida Statutes, and the Rules of the Auditor General Chapter 10.557(3)(f) and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Fort Walton Beach, Florida
March 26, 2025

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, 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 of Niceville, Florida's basic financial statements and have issued our report thereon dated March 26, 2025.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

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, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Niceville, Florida's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 26, 2025

Warren Averett
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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2024 OMB *Compliance Supplement* during the year ended September 30, 2024.

Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements. 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 judgement, including the assessment of the risks of material noncompliance, 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 examination engagement.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2024. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
March 26, 2025

CITY OF NICEVILLE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2024

FINANCIAL STATEMENT FINDINGS

FINDING 2024-001 – AUDITOR PROPOSED JOURNAL ENTRIES

Criteria
The City's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct a material misstatement on a timely basis.

Condition
Auditor proposed adjustments were necessary to properly reflect account balances as follows:

- Various adjustments that were individually immaterial but material in the aggregate to the applicable opinion unit;
- Adjustment to accrue the current portion of compensated absences for governmental activities;
- Adjustment to accrue unrecorded payables at year-end;
- Adjustment to accrue the value of land conveyed by a developer in Deer Moss Creek subdivision.

Cause
Certain accounts are not reviewed and reconciled on a monthly basis, which results in many adjusting entries being made only at year-end. Internal review performed by the City's finance personnel of the final trial balance provided to the auditors for inspection was inadequate, which resulted in the auditor proposed adjustments referenced above. Due to the volume of year end entries necessary to adjust the September 30, 2024, account balances, and the timeframe in which the Finance function has to accomplish the task, there is not sufficient time to accomplish a robust review of the final trial balances.

Effect
The auditor proposed entries were reviewed and accepted by management either individually or in the aggregate to correct certain account balances as of and for the year ended September 30, 2024. The system of internal control over financial accounting and reporting is not functioning as designed.

Recommendation
We recommend that City management adopt more effective review and reconciliation procedures, as a customary part of the accounting process, in include recording adjustments throughout the year that have typically been recorded at year-end only and performing more frequent reviews of the general ledger throughout the year.

Management's Response
Management is in agreement with this finding. The Finance Department will update its policies and procedures to ensure year-end accounting and financial reporting activities are performed on a timely basis with adequate review by qualified individuals.

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INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City's) compliance with the following requirements for the year ended September 30, 2024:

1) Section 218.415, Florida Statutes, in regard to investments, and
2) Section 218.8018, Florida Statutes, in regard to the Deepwater Horizon Oil Spill receipts and expenditures.

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 specified requirements. 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 judgement, including the assessment of the risks of material noncompliance, 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 examination 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 specified requirements for the year ended September 30, 2024.

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 26, 2025

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MANAGEMENT LETTER

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Niceville, Florida (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 26, 2025.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with *Government Auditing Standards*; Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement; Schedule of Findings and Responses; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports and schedule, which are dated March 26, 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 annual financial audit report. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority
Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the City has been disclosed in Note 1 to the financial statements. The City included the Niceville-Valparaiso Regional Sewer Board (the Board) as a discretely presented component unit in the accompanying financial statements. The legal authority that established the Board is disclosed in Note 1 to the financial statements. The legal authority that established the Board is disclosed in Note 1 to the financial statements. The City also included the Niceville Community Redevelopment Agency (the CRA) as a blended component unit in the accompanying financial statements. The legal authority that established the CRA is disclosed in Note 1 to the financial statements.

Financial Condition and Management
Section 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 has 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 the review of financial information provided by the 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 did not have any such recommendations other than those discussed in the schedule of findings and responses.

Property Assessed Clean Energy (PACE) Programs
As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City did not operate within its geographical boundaries, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, during the fiscal year under audit.

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

Specific Information
As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Niceville Community Redevelopment Agency (the CRA) reported:

a) The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 2.

b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 1.

c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $39,629.

d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $310,597.

e) No construction projects with a total cost of at least $65,000 approved by the CRA that are scheduled to begin on or after October 1 of the fiscal year being reported.

f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Niceville-Valparaiso Regional Sewer Board, Inc. (the Board) reported:

a) The total number of Board employees compensated in the last pay period of the Board's fiscal year as 9.

b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year as 3.

c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $576,749.

d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $279,245.

e) No construction projects with a total cost of at least $65,000 approved by the Board that are scheduled to begin on or after October 1 of the fiscal year being reported.

f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

The information reported in the Specific Information section of this letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

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

We greatly appreciate the assistance and cooperation extended to us during our audit.

Warren Averett, LLC

Fort Walton Beach, Florida
March 26, 2025