

CITY OF LYNN HAVEN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025



**CITY OF LYNN HAVEN, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commission,
City of Lynn Haven, Florida:

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lynn Haven, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison statements 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matter

Emphasis of Matter – Prior Period Restatements

As discussed in Note (12) to the financial statements, during the year ended September 30, 2025, the City identified certain errors with regard to: 1) Grant revenue and grant receivables – an understatement of general fund revenues and receivables due to billings made subsequent to year-end in the prior period. 2) Capital assets – an understatement of water fund fixed assets due to improper recording in the prior period. As a result, certain beginning fund balance and net position balances as of September 30, 2024, have been restated in the current year financial statements. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and by Section 215.97, Florida Statutes, *Florida Single Audit Act* and schedule of receipts and expenditures of funds related to the *Deepwater Horizon* oil spill as required by Chapter 10.557 (3)(f), Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance, and schedule of receipts and expenditures of funds related to the *Deepwater Horizon* oil spill are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

James Moore & Co., P.L.

Tallahassee, Florida
March 18, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Lynn Haven, Florida (hereinafter referred to as the "City") offers the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2025. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The City encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The total assets of the City of Lynn Haven, Florida exceeded its liabilities at the close of the most recent fiscal year by \$165,228,860 (net position). Of this amount, \$8,186,709 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased (decreased) by \$9,754,908 in fiscal year 2025, after restatements to beginning net position. Net position of the City's governmental activities increased (decreased) by (\$998,556), while net position of its business type activities increased (decreased) by \$10,753,464.
- The City's governmental funds reported a combined ending fund balance of \$28,781,200 at the end of the current fiscal year, which increased (decreased) by \$(4,297,817) in comparison to the \$33,079,017 reported, as restated, at the end of the prior fiscal year. Approximately \$15,935,783 of this amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the 2025 fiscal year, unassigned fund balance for the General Fund was \$16,696,858 or 77% of the total fiscal year 2025 General Fund expenditures of \$21,712,536.
- The City's total long-term debt obligations decreased by \$7,383,470 during the fiscal year, due to the payments on bonds and notes payable related to the Hurricane Michael recovery. The City's combined long-term commitment for compensated absences totaled \$664,439 at year-end.

Overview of the Financial Statements

The City's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including various pension-related schedules.

Management's discussion and analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the City's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, as well as other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the City. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the City's overall financial status, including its governmental activities and its business-type activities. These statements report information about the City using full accrual accounting methods, and an economic resources focus, as utilized by similar business activities in the private sector. Information concerning the City's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private

sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the City government and report the City's operations in more detail than the government-wide financial statements. The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as the City's water utility system. Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others (like the retirement plans for the City's police officers, firefighters, and general employees), to whom the resources in question belong.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the City's governmental fund activities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of its fiscal year, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

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 services, public safety (police and building inspection), streets, storm water management, solid waste management, the Community Redevelopment Agency, disaster recovery and relief efforts, and recreation and leisure services. The business-type activities of the City include its water utility, sewer utility, stormwater utility, and sanitation activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City 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.

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. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 15 and 17.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community redevelopment fund, and disaster recovery fund, all of which are considered to be major funds. The City has two nonmajor governmental funds, the debt service fund and the Hurricane Michael disaster relief fund.

Proprietary Funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The City's enterprise funds (water utility, sewer utility, stormwater utility, and sanitation) are the items included in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data. The basic proprietary fund financial statements can be found on pages 18 to 20 of this report.

Fiduciary Funds. Funds held in trust on behalf of the City's defined benefit pension plans, which account for the plan contribution activity, investment income, and benefit payments to retirees. The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's combined total assets exceeded liabilities (net position) by \$165,228,860 at the end of 2025, compared to \$155,473,952, as restated, at the end of 2024. This represents a total increase (decrease) of \$9,754,908 or approximately 6.3% from the amount reported at the end of the prior fiscal year.

The following is a summary of net position at year end:

**Net Position
September 30, 2025 and 2024**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 29,169,019	36,056,629	\$ 26,920,300	\$ 23,689,533	\$ 56,089,319	\$ 59,746,162
Net pension asset	4,105,564	3,413,006	321,025	-	4,426,589	3,413,006
Capital assets	86,809,460	85,780,203	56,058,857	55,138,378	142,868,317	140,918,581
Total assets	<u>\$ 120,084,043</u>	<u>\$ 125,249,838</u>	<u>\$ 83,300,182</u>	<u>\$ 78,827,911</u>	<u>\$ 203,384,225</u>	<u>\$ 204,077,749</u>
DEFERRED OUTFLOWS	<u>\$ 1,537,068</u>	<u>\$ 795,658</u>	<u>\$ 115,954</u>	<u>\$ 126,755</u>	<u>\$ 1,653,022</u>	<u>\$ 922,413</u>
LIABILITIES						
Current liabilities	\$ 515,746	\$ 2,115,531	\$ 1,813,725	\$ 2,356,160	\$ 2,329,471	\$ 4,471,691
Noncurrent liabilities:	23,400,392	25,816,523	8,932,747	14,851,924	32,333,139	40,668,447
Total liabilities	<u>\$ 23,916,138</u>	<u>\$ 27,932,054</u>	<u>\$ 10,746,472</u>	<u>\$ 17,208,084</u>	<u>\$ 34,662,610</u>	<u>\$ 45,140,138</u>
DEFERRED INFLOWS	<u>\$ 4,385,619</u>	<u>\$ 3,795,532</u>	<u>\$ 760,158</u>	<u>\$ 615,925</u>	<u>\$ 5,145,777</u>	<u>\$ 4,411,457</u>
NET POSITION						
Net investment in capital assets	\$ 86,355,770	\$ 85,181,673	\$ 46,619,954	\$ 40,483,011	\$ 132,975,724	\$ 125,664,684
Restricted	13,118,459	9,198,524	10,947,968	10,370,527	24,066,427	19,569,051
Unrestricted	(6,154,875)	(62,287)	14,341,584	10,277,119	8,186,709	10,214,832
Total net position	<u>\$ 93,319,354</u>	<u>\$ 94,317,910</u>	<u>\$ 71,909,506</u>	<u>\$ 61,130,657</u>	<u>\$ 165,228,860</u>	<u>\$ 155,448,567</u>

The most significant component of the City's net position (approximately 80%) is, by far, its investment in capital assets (land, infrastructure, buildings, and equipment), less any related debt used to acquire or construct those assets that are 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's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (15%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 5% of unrestricted net position, represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and totaled \$8,186,709 at year-end, compared to \$10,214,832 in 2024. The main reason for the decrease from the prior year was due to the continued recovery from the financial effects from Hurricane Michael, which impacted the City in October 2018.

The City's unrestricted net position for its governmental activities decreased from (\$62,287) to (\$6,154,875) again due to the impacts of Hurricane Michael.

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2025, total revenues were \$44,009,867 compared to \$43,616,711 in the prior year. Approximately 17.2% of the City's revenue came from property taxes, 23.0% from other taxes and fees, 39.9% came from fees charged for services, and most of the remaining revenue included state and federal financial assistance and other miscellaneous revenues, including FEMA reimbursements related to Hurricane Michael.

During 2025, expenses were \$34,254,959 as opposed to \$30,927,389 in the prior year, for an increase of approximately 10.8% due to national inflationary trends.

The following is a summary of changes in net position at year end:

**Changes in Net Position
For the Fiscal Years Ended September 30, 2025 and 2024**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Property taxes	7,586,284	6,735,224	\$ -	\$ -	\$ 7,586,284	\$ 6,735,224
Other taxes and fees	10,126,040	10,549,326	-	-	10,126,040	10,549,326
Charges for services	805,082	1,049,406	16,798,327	15,401,726	17,603,409	16,451,132
Intergovernmental and grants	3,866,925	5,198,416	2,006,135	736,119	5,873,060	5,934,535
Other revenues	1,663,184	2,562,434	1,157,890	1,384,060	2,821,074	3,946,494
Total revenues	24,047,515	26,094,806	19,962,352	17,521,905	44,009,867	43,616,711
EXPENSES						
General government	4,557,201	2,996,975	-	-	4,557,201	2,996,975
Planning and code enforcement	465,822	636,737	-	-	465,822	636,737
Public safety	7,817,139	7,354,051	-	-	7,817,139	7,354,051
Physical environment	-	-	-	-	-	-
Transportation	2,245,573	2,054,165	-	-	2,245,573	2,054,165
Economic environment	450,580	388,917	-	-	450,580	388,917
Culture and recreation	3,694,372	2,547,159	-	-	3,694,372	2,547,159
Disaster recovery	196,404	364,142	-	-	196,404	364,142
Water utility	-	-	4,404,023	3,692,534	4,404,023	3,692,534
Sewer utility	-	-	4,717,134	4,792,459	4,717,134	4,792,459
Stormwater utility	-	-	2,067,576	2,114,836	2,067,576	2,114,836
Sanitation	-	-	2,883,712	2,599,287	2,883,712	2,599,287
Interest expense	585,132	752,057	170,291	634,070	755,423	1,386,127
Total expenses	20,012,223	17,094,203	14,242,736	13,833,186	34,254,959	30,927,389
Income before transfers	4,035,292	9,000,603	5,719,616	3,688,719	9,754,908	12,689,322
Transfers	(5,033,848)	(1,739,908)	5,033,848	1,739,908	-	-
Change in net position	(998,556)	7,260,695	10,753,464	5,428,627	9,754,908	12,689,322
Net position, beginning of year, as restated*	94,317,910	87,057,215	61,156,042	55,702,030	155,473,952	142,759,245
Net position, end of year	\$ 93,319,354	\$ 94,317,910	\$ 71,909,506	\$ 61,130,657	\$ 165,228,860	\$ 155,448,567

* Prior year column not adjusted for prior period restatement made in current year for the General Fund and Water Fund.

Governmental Activities

Revenues for the City’s governmental activities totaled \$24,047,515 in 2025. This represents a decrease of over \$2 million from last year’s reported revenues of \$26,094,806 and is primarily related to decreased intergovernmental grant programs.

Governmental activities expenses totaled \$20,012,223, which increased over \$2.9 million from the prior year due to national inflationary trends.

Business-Type Activities

The major source of operating revenues for the City's business-type activities is charges for services (water, sewer, stormwater, sanitation). Operating revenues during the year increased to a total of \$16,798,327 an increase from \$15,401,726 in 2024 because of the number of utility accounts now exceeding pre-hurricane levels.

Total operating expenses of the proprietary funds in 2025 totaled \$14,242,736, compared to \$13,833,186 in 2024, an increase of approximately \$409 thousand primarily due to cost cutting measures.

Financial Analysis of the City's Funds

As stated previously, 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the City completed the year, its governmental funds reported a combined fund balance of \$28,781,200, which was an increase (decrease) of (\$4,297,817) compared with the amount reported last year. This decrease was primarily related to debt reduction.

The general fund is the chief operating fund of the City. As of September 30, 2025, the unassigned fund balance in the general fund totaled \$16,696,858. This unassigned fund balance represents approximately 77% of the City's spending requirements experienced during 2025.

The City's community redevelopment fund had a fund balance of \$1,304,679 at the end of the year, an increase (decrease) of (\$48,285) from the prior year. All amounts held in this fund are restricted for reinvestment in the community redevelopment district.

The Disaster Recovery fund, which was established in 2019, had an ending fund balance of (\$655,000), an increase (decrease) of (\$2,013,965) from the prior year, and all of which was restricted and related to disaster recovery expenditures in excess of debt proceeds and grant/insurance reimbursements. The ending fund balance in the Disaster Recovery Fund has been fully expended to facilitate rebuilding of City property damaged by Hurricane Michael. The resulting negative fund balance will be reimbursed from the General Fund at the time of close out.

Proprietary Fund. The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Charges for services in the proprietary funds increased approximately \$1.4 million from the prior year, with similar increases observed in the water, sewer, and stormwater funds due to sustained city growth.

General Fund Budgetary Highlights

Insurance receipts were above budget by \$283,146. Electric Utility Tax collections were \$118,003 above budget. Franchise Fees were above budget \$239,680. Charges for services were \$168,193 above budget. Miscellaneous revenues were \$165,149 above budget. Most departments had budget savings during FY 2025 due to delayed projects and cost cutting measures resulted in \$2.5 million in budget savings.

All of these factors combined resulted in a \$3,575,189 increase to General Fund Balance for Fiscal Year 2025.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2025, the City had approximately \$143 million invested in a broad range of capital assets, including land, buildings, park facilities, police equipment, public works equipment and water lines. See Note (6) for further information on the City's capital assets.

Long-Term Debt. The City has various notes and bonds payable totaling \$31,549,735 at year-end, compared to \$38,937,350 one year earlier. The proceeds of these loans, which included amounts drawn over various preceding years including a \$31 million bond issue in 2019 related to the recovery from Hurricane Michael, were used to finance various capital improvements. Under these agreements, the City must repay these loans with semiannual payments.

More detailed information about the City's long-term debt is presented in Note (7) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Bay County Florida are compiled by the Florida Department of Economic Opportunity. Preliminary numbers for December 2025 show Bay County with a not seasonally adjusted rate of 4.8% which is up almost one percentage from last year's numbers. Hiring new and retaining existing qualified staff continues to be a challenge during these economic times.
- 91% of the budgeted Property Tax revenue for FY 2026 has been collected as of March 2026. The approved millage rate of 4.05 will be adequate to meet budget projections. No preliminary evaluations have been received from the Bay County Property Appraiser as of March 2026. The necessity for a millage rate adjustment will be analyzed in the coming months.
- The City issued the following development orders during Fiscal Year 2024: 0 Single Family development, 4 Commercial developments and 3 Multi-Family development.

- The fiscal year 2025 adopted budget for all funds utilized the prior year's final adopted budget and the City's actual financial results as the baseline from which priority setting and decisions were made to formulate the new budget. The final budget was further modified to reflect changing revenues projections and anticipated changes in expenditure trends.
- Inflationary trends for Bay County are consistent with those trends experienced at the state and national levels and will influence future budgeting, especially for building materials, electricity and fuel.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City of Lynn Haven Finance Department, 825 Ohio Ave, Lynn Haven, FL 32444. Information can also be obtained at the City's website at www.cityoflynnhaven.com or via email to citymanager@cityoflynnhaven.com.

CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 23,893,916	\$ 13,117,997	\$ 37,011,913
Receivables, net	479,597	1,022,166	1,501,763
Due from other governments	1,800,994	1,178,731	2,979,725
Notes receivable	-	43,667	43,667
Inventories	23,235	900,965	924,200
Prepays	396,234	7,307	403,541
Restricted assets:			
Equity in pooled cash	2,575,043	10,649,467	13,224,510
Net pension asset	4,105,564	321,025	4,426,589
Capital assets:			
Capital assets, not being depreciated	7,648,677	4,847,127	12,495,804
Other capital assets, net of depreciation	79,160,783	51,211,730	130,372,513
Total assets	<u>\$ 120,084,043</u>	<u>\$ 83,300,182</u>	<u>\$ 203,384,225</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	\$ -	\$ 7,142	\$ 7,142
Deferred outflows related to pensions	1,262,269	46,617	1,308,886
Deferred outflows related to OPEB	274,799	62,195	336,994
Total deferred outflows	<u>\$ 1,537,068</u>	<u>\$ 115,954</u>	<u>\$ 1,653,022</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 382,829	\$ 209,506	\$ 592,335
Customer deposits	4,725	619,540	624,265
Unearned revenue	265	145,311	145,576
Accrued interest payable	51,241	22,524	73,765
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	2,316,970	799,341	3,116,311
Compensated absences	76,686	17,503	94,189
Due in more than one year:			
Bonds and notes payable	19,786,720	8,646,704	28,433,424
Compensated absences	471,071	99,179	570,250
Total OPEB liability	825,631	186,864	1,012,495
Net pension liability	-	-	-
Total liabilities	<u>\$ 23,916,138</u>	<u>\$ 10,746,472</u>	<u>\$ 34,662,610</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 4,276,390	\$ 735,436	\$ 5,011,826
Deferred inflows related to OPEB	109,229	24,722	133,951
Total deferred inflows of resources	<u>\$ 4,385,619</u>	<u>\$ 760,158</u>	<u>\$ 5,145,777</u>
NET POSITION			
Net investment in capital assets	\$ 86,355,770	\$ 46,619,954	\$ 132,975,724
Restricted for:			
Pensions	4,105,564	321,025	4,426,589
Law enforcement education	742	-	742
Capital expansion	2,371,975	9,546,967	11,918,942
Infrastructure	5,335,499	-	5,335,499
Debt service	-	1,079,976	1,079,976
Community redevelopment	1,304,679	-	1,304,679
Unrestricted	(6,154,875)	14,341,584	8,186,709
Total net position	<u>\$ 93,319,354</u>	<u>\$ 71,909,506</u>	<u>\$ 165,228,860</u>

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

**CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 4,557,201	\$ 110,952	\$ 100	\$ -	\$ (4,446,149)	\$ -	\$ (4,446,149)
Planning and code enforcement	465,822	190,905	-	-	(274,917)	-	(274,917)
Public safety	7,817,139	179,057	7,891	100,831	(7,529,360)	-	(7,529,360)
Transportation	2,245,573	-	3,486	1,467,664	(774,423)	-	(774,423)
Economic environment	450,580	-	-	20,569	(430,011)	-	(430,011)
Culture and recreation	3,694,372	324,168	363,542	31,682	(2,974,980)	-	(2,974,980)
Disaster recovery	196,404	-	553,664	-	357,260	-	357,260
Interest on long-term debt	585,132	-	-	-	(585,132)	-	(585,132)
Total governmental activities	20,012,223	805,082	928,683	1,620,746	(16,657,712)	-	(16,657,712)
Business-type activities:							
Water	4,460,420	5,850,464	-	46,529	-	1,436,573	1,436,573
Sewer	4,801,360	6,316,588	-	484,753	-	1,999,981	1,999,981
Stormwater	2,097,244	1,644,661	128,092	1,346,761	-	1,022,270	1,022,270
Sanitation	2,883,712	3,014,455	-	-	-	130,743	130,743
Total business-type activities	14,242,736	16,826,168	128,092	1,878,043	-	4,589,567	4,589,567
Total primary government	\$ 34,254,959	\$ 17,631,250	\$ 1,056,775	\$ 3,498,789	(16,657,712)	4,589,567	(12,068,145)
General revenues:							
Property taxes					7,586,284	-	7,586,284
Sales taxes					2,539,494	-	2,539,494
Infrastructure surtax					2,625,135	-	2,625,135
Communications service tax					675,111	-	675,111
Casualty and fire insurance premium taxes					416,525	-	416,525
Public service taxes					2,039,142	-	2,039,142
Other taxes					133,032	-	133,032
Franchise fees					1,697,601	-	1,697,601
State revenue sharing					1,317,496	-	1,317,496
Investment earnings					1,324,718	983,489	2,308,207
Miscellaneous revenues					338,466	-	338,466
Gain (loss) on disposition of capital assets					-	146,560	146,560
Transfers					(5,033,848)	5,033,848	-
Total general revenues and transfers					15,659,156	6,163,897	21,823,053
Change in net position					(998,556)	10,753,464	9,754,908
Net position - beginning of year, as restated					94,317,910	61,156,042	155,473,952
Net position - ending of year					\$ 93,319,354	\$ 71,909,506	\$ 165,228,860

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

**CITY OF LYNN HAVEN, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General</u>	<u>Community Redevelopment</u>	<u>Disaster Recovery</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in pooled cash and cash equivalents	\$ 22,702,169	\$ 1,306,284	\$ 40,675	\$ 2,419,831	\$ 26,468,959
Receivables, net	479,597	-	-	-	479,597
Due from other governments	1,800,994	-	-	-	1,800,994
Advances to other funds	801,750	-	-	-	801,750
Inventories	23,235	-	-	-	23,235
Prepaid items	290,159	-	106,075	-	396,234
Total assets	<u>\$ 26,097,904</u>	<u>\$ 1,306,284</u>	<u>\$ 146,750</u>	<u>\$ 2,419,831</u>	<u>\$ 29,970,769</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 381,224	\$ 1,605	\$ -	\$ -	\$ 382,829
Customer deposits	4,725	-	-	-	4,725
Unearned revenue	265	-	-	-	265
Due to other funds	-	-	-	-	-
Advances to other funds	-	-	801,750	-	801,750
Total liabilities	<u>386,214</u>	<u>1,605</u>	<u>801,750</u>	<u>-</u>	<u>1,189,569</u>
FUND BALANCES					
Nonspendable:					
Inventories	23,235	-	-	-	23,235
Prepaid items	290,159	-	106,075	-	396,234
Advances	801,750	-	-	-	801,750
Restricted for:					
Law enforcement education	742	-	-	-	742
Infrastructure	5,335,499	-	-	-	5,335,499
Community redevelopment	-	1,304,679	-	-	1,304,679
Disaster recovery and relief	-	-	-	-	-
Capital expansion	-	-	-	2,371,975	2,371,975
Debt service	-	-	-	18,495	18,495
Assigned to:					
ARPA future projects	-	-	-	29,361	29,361
Subsequent year's budget	2,563,447	-	-	-	2,563,447
Unassigned	16,696,858	-	(761,075)	-	15,935,783
Total fund balances	<u>25,711,690</u>	<u>1,304,679</u>	<u>(655,000)</u>	<u>2,419,831</u>	<u>28,781,200</u>
Total liabilities and fund balances	<u>\$ 26,097,904</u>	<u>\$ 1,306,284</u>	<u>\$ 146,750</u>	<u>\$ 2,419,831</u>	<u>\$ 29,970,769</u>

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

**CITY OF LYNN HAVEN, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Fund balances - total governmental funds		\$ 28,781,200
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	113,044,943	
Less: accumulated depreciation	<u>(26,235,483)</u>	86,809,460
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension asset	4,105,564	
Deferred outflows related to pensions	1,262,269	
Deferred inflows related to pensions	<u>(4,276,390)</u>	1,091,443
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.		
Total OPEB liability	(825,631)	
Deferred outflows related to OPEB	274,799	
Deferred inflows related to OPEB	<u>(109,229)</u>	(660,061)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(22,103,690)	
Accrued interest payable	(51,241)	
Compensated absences	<u>(547,757)</u>	(22,702,688)
Net position of governmental activities		<u><u>\$ 93,319,354</u></u>

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

CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>General</u>	<u>Community Redevelopment</u>	<u>Disaster Recovery</u>	<u>Formerly Major Fund American Rescue Plan Act</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 12,793,318	\$ 1,036,446	\$ -	\$ -	\$ -	\$ 13,829,764
Permits and fees	1,892,771	-	-	-	37,243	1,930,014
Intergovernmental	5,346,872	-	1,598,820	-	-	6,945,692
Charges for services	2,788,807	-	-	-	-	2,788,807
Fines and forfeitures	59,330	-	-	-	-	59,330
Investment income	976,647	74,135	80,963	-	192,973	1,324,718
Miscellaneous	280,132	-	-	-	-	280,132
Total revenues	<u>24,137,877</u>	<u>1,110,581</u>	<u>1,679,783</u>	<u>-</u>	<u>230,216</u>	<u>27,158,457</u>
Expenditures						
Current:						
General government	5,442,412	-	-	-	-	5,442,412
Planning and code enforcement	623,943	-	-	-	-	623,943
Public safety	7,591,623	-	-	-	-	7,591,623
Transportation	1,323,098	-	-	-	-	1,323,098
Economic environment	124,261	208,751	-	-	-	333,012
Culture and recreation	2,962,365	-	-	-	-	2,962,365
Disaster recovery	772	-	214,832	-	-	215,604
Capital outlay	3,488,151	950,115	721,582	-	-	5,159,848
Debt service:						
Principal	144,840	-	2,125,000	-	-	2,269,840
Interest and fiscal charges	11,071	-	632,334	-	-	643,405
Total expenditures	<u>21,712,536</u>	<u>1,158,866</u>	<u>3,693,748</u>	<u>-</u>	<u>-</u>	<u>26,565,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,425,341</u>	<u>(48,285)</u>	<u>(2,013,965)</u>	<u>-</u>	<u>230,216</u>	<u>593,307</u>
Other financing sources (uses)						
Transfers in	927,803	-	-	-	-	927,803
Transfers out	-	-	-	-	(5,961,651)	(5,961,651)
Sale of capital assets	43,833	-	-	-	-	43,833
Insurance recoveries	98,891	-	-	-	-	98,891
Total other financing sources (uses)	<u>1,070,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,961,651)</u>	<u>(4,891,124)</u>
Net change in fund balances	<u>3,495,868</u>	<u>(48,285)</u>	<u>(2,013,965)</u>	<u>-</u>	<u>(5,731,435)</u>	<u>(4,297,817)</u>
Fund balance, beginning of year, as previously reported	22,136,501	1,352,964	1,358,965	5,008,655	3,142,611	32,999,696
Change within financial reporting entity (major to nonmajor fund)	-	-	-	(5,008,655)	5,008,655	-
Prior period adjustment of grant revenue	79,321	-	-	-	-	79,321
Fund balance, beginning of year, as restated and adjusted	22,215,822	1,352,964	1,358,965	-	8,151,266	33,079,017
Fund balance, end of year	<u>\$ 25,711,690</u>	<u>\$ 1,304,679</u>	<u>\$ (655,000)</u>	<u>\$ -</u>	<u>\$ 2,419,831</u>	<u>\$ 28,781,200</u>

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

**CITY OF LYNN HAVEN, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Net change in fund balances - total governmental funds	\$ (4,297,817)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	5,159,848
Depreciation expense	(4,123,113)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(7,478)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	2,269,840
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (deferred FEMA collections).	
	(1,045,156)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	1,120,915
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in accrued interest on long-term debt	58,273
Change in compensated absences liability	(48,549)
Change in total OPEB liability	(85,319)
Change in net position of governmental activities	\$ (998,556)

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

**CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Stormwater	Sanitation	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 8,088,342	\$ 1,096,146	\$ 2,932	\$ 3,930,577	\$ 13,117,997
Accounts receivable, net	379,469	455,895	-	186,802	1,022,166
Due from other governments	-	391,883	786,848	-	1,178,731
Notes receivable	-	43,667	-	-	43,667
Inventories	733,745	86,856	65,647	14,717	900,965
Prepaid items	1,992	5,315	-	-	7,307
Due from other funds	173,864	-	-	-	173,864
Restricted current assets:					
Equity in pooled cash	275,643	546,222	-	-	821,865
Total current assets	<u>9,653,055</u>	<u>2,625,984</u>	<u>855,427</u>	<u>4,132,096</u>	<u>17,266,562</u>
Noncurrent assets:					
Restricted cash	2,269,978	7,218,390	339,234	-	9,827,602
Capital assets:					
Land	332,211	968,620	13,000	-	1,313,831
Construction in progress	95,905	727,519	2,709,872	-	3,533,296
Buildings	760,731	549,156	-	-	1,309,887
Improvements	22,714,890	44,185,516	12,667,875	-	79,568,281
Machinery and equipment	1,826,263	3,213,760	1,274,094	1,779,342	8,093,459
Accumulated depreciation	(10,038,567)	(23,225,405)	(3,723,242)	(772,683)	(37,759,897)
Total capital assets, net	15,691,433	26,419,166	12,941,599	1,006,659	56,058,857
Net pension asset	122,701	56,283	64,030	78,011	321,025
Total noncurrent assets	<u>18,084,112</u>	<u>33,693,839</u>	<u>13,344,863</u>	<u>1,084,670</u>	<u>66,207,484</u>
Total assets	<u>\$ 27,737,167</u>	<u>\$ 36,319,823</u>	<u>\$ 14,200,290</u>	<u>\$ 5,216,766</u>	<u>\$ 83,474,046</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	\$ -	\$ 7,142	\$ -	\$ -	\$ 7,142
Deferred outflows related to pensions	17,817	8,173	9,298	11,329	46,617
Deferred outflows related to OPEB	18,769	12,935	19,615	10,876	62,195
Total deferred outflows of resources	<u>\$ 36,586</u>	<u>\$ 28,250</u>	<u>\$ 28,913</u>	<u>\$ 22,205</u>	<u>\$ 115,954</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 31,219	\$ 21,919	\$ 41,614	\$ 114,754	\$ 209,506
Deposits	619,540	-	-	-	619,540
Unearned revenue	145,311	-	-	-	145,311
Due to other funds	-	-	173,864	-	173,864
Compensated absences	8,892	2,291	4,051	2,269	17,503
Payable from restricted assets:					
Current maturities on long-term debt	261,196	538,145	-	-	799,341
Accrued interest payable	14,447	8,077	-	-	22,524
Total current liabilities	<u>1,080,605</u>	<u>570,432</u>	<u>219,529</u>	<u>117,023</u>	<u>1,987,589</u>
Noncurrent liabilities:					
Bonds and notes payable, net	2,961,991	5,684,713	-	-	8,646,704
Compensated absences	50,385	12,983	22,956	12,855	99,179
Total OPEB liability	56,390	38,862	58,933	32,679	186,864
Total noncurrent liabilities	<u>3,068,766</u>	<u>5,736,558</u>	<u>81,889</u>	<u>45,534</u>	<u>8,932,747</u>
Total liabilities	<u>\$ 4,149,371</u>	<u>\$ 6,306,990</u>	<u>\$ 301,418</u>	<u>\$ 162,557</u>	<u>\$ 10,920,336</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	\$ 281,095	\$ 128,938	\$ 146,685	\$ 178,718	\$ 735,436
Deferred inflows related to OPEB	7,460	5,141	7,796	4,325	24,722
Total deferred inflows of resources	<u>\$ 288,555</u>	<u>\$ 134,079</u>	<u>\$ 154,481</u>	<u>\$ 183,043</u>	<u>\$ 760,158</u>
NET POSITION					
Net investment in capital assets	\$ 12,468,246	\$ 20,203,450	\$ 12,941,599	\$ 1,006,659	\$ 46,619,954
Restricted for pensions	122,701	56,283	64,030	78,011	321,025
Restricted for debt service	386,266	693,710	-	-	1,079,976
Restricted for capital expansion	2,144,908	7,062,825	339,234	-	9,546,967
Unrestricted	8,213,706	1,890,736	428,441	3,808,701	14,341,584
Total net position	<u>\$ 23,335,827</u>	<u>\$ 29,907,004</u>	<u>\$ 13,773,304</u>	<u>\$ 4,893,371</u>	<u>\$ 71,909,506</u>

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

CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Stormwater	Sanitation	
Operating revenues					
Charges for services	\$ 5,820,485	\$ 6,290,585	\$ 1,638,501	\$ 3,048,756	\$ 16,798,327
Other revenues	29,979	26,003	6,160	(34,301)	27,841
Total operating revenues	<u>5,850,464</u>	<u>6,316,588</u>	<u>1,644,661</u>	<u>3,014,455</u>	<u>16,826,168</u>
Operating expenses					
Personal services	997,134	479,067	756,856	595,218	2,828,275
Operating expenses	2,781,137	3,147,546	780,758	1,997,862	8,707,303
Depreciation	625,752	1,090,521	529,962	290,632	2,536,867
Total operating expenses	<u>4,404,023</u>	<u>4,717,134</u>	<u>2,067,576</u>	<u>2,883,712</u>	<u>14,072,445</u>
Operating income (loss)	<u>1,446,441</u>	<u>1,599,454</u>	<u>(422,915)</u>	<u>130,743</u>	<u>2,753,723</u>
Nonoperating revenues (expenses)					
Interest earnings	425,819	364,816	35,332	157,522	983,489
Intergovernmental grants	-	-	128,092	-	128,092
Gain (loss) on disposition of capital assets	9,518	6,404	24,629	106,009	146,560
Interest and amortization expense	(56,397)	(84,226)	(29,668)	-	(170,291)
Total nonoperating revenues (expenses)	<u>378,940</u>	<u>286,994</u>	<u>158,385</u>	<u>263,531</u>	<u>1,087,850</u>
Income (loss) before contributions and transfers	<u>1,825,381</u>	<u>1,886,448</u>	<u>(264,530)</u>	<u>394,274</u>	<u>3,841,573</u>
Capital contributions	46,529	162,890	27,506	-	236,925
Capital grants	-	321,863	1,319,255	-	1,641,118
Transfers in	-	53,564	4,980,284	-	5,033,848
Transfers out	-	-	-	-	-
Change in net position	<u>1,871,910</u>	<u>2,424,765</u>	<u>6,062,515</u>	<u>394,274</u>	<u>10,753,464</u>
Net position, beginning of year, as previously reported	21,438,532	27,482,239	7,710,789	4,499,097	61,130,657
Prior period adjustment of capital assets	25,385	-	-	-	25,385
Net position, beginning of year, as adjusted	21,463,917	27,482,239	7,710,789	4,499,097	61,156,042
Net position, end of year	<u>\$ 23,335,827</u>	<u>\$ 29,907,004</u>	<u>\$ 13,773,304</u>	<u>\$ 4,893,371</u>	<u>\$ 71,909,506</u>

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

**CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Stormwater	Sanitation	
Cash flows from operating activities					
Cash received from customers	\$ 5,950,239	\$ 5,981,701	\$ 857,813	\$ 3,043,418	\$ 15,833,171
Cash paid to employees	(1,077,461)	(555,580)	(801,391)	(679,699)	(3,114,131)
Cash paid to suppliers	(2,673,436)	(3,455,816)	(803,899)	(2,144,783)	(9,077,934)
Net cash provided by (used in) operating activities	<u>2,199,342</u>	<u>1,970,305</u>	<u>(747,477)</u>	<u>218,936</u>	<u>3,641,106</u>
Cash flows from noncapital financing activities					
Transfers from other funds	-	193,245	4,980,284	-	5,173,529
Transfers to other funds	-	-	-	-	-
Intergovernmental grant proceeds	-	-	128,092	-	128,092
Interfund payables	(418,122)	-	(536,488)	104,531	(850,079)
Net cash provided by (used in) noncapital financing activities	<u>(418,122)</u>	<u>193,245</u>	<u>4,571,888</u>	<u>104,531</u>	<u>4,451,542</u>
Cash flows from capital and related financing activities					
Impact fees	46,529	162,890	27,506	-	236,925
Acquisition and construction of capital assets	(761,788)	(1,177,416)	(1,149,813)	(389,535)	(3,478,552)
Capital grants	-	321,863	1,319,255	-	1,641,118
Proceeds from sale of capital assets	9,518	52,995	24,629	106,009	193,151
Principal payments of long-term debt	(255,962)	(530,884)	(4,323,130)	-	(5,109,976)
Interest paid	(61,086)	(85,277)	(29,668)	-	(176,031)
Net cash provided by (used in) capital and related financing activities	<u>(1,022,789)</u>	<u>(1,255,829)</u>	<u>(4,131,221)</u>	<u>(283,526)</u>	<u>(6,693,365)</u>
Cash flows from investing activities					
Interest received	425,819	364,816	35,332	157,522	983,489
Net cash provided by (used in) investing activities	<u>425,819</u>	<u>364,816</u>	<u>35,332</u>	<u>157,522</u>	<u>983,489</u>
Net change in cash and cash equivalents	<u>1,184,250</u>	<u>1,272,537</u>	<u>(271,478)</u>	<u>197,463</u>	<u>2,382,772</u>
Cash and cash equivalents, beginning of year	9,449,713	7,588,221	613,644	3,733,114	21,384,692
Cash and cash equivalents, end of year	<u>\$ 10,633,963</u>	<u>\$ 8,860,758</u>	<u>\$ 342,166</u>	<u>\$ 3,930,577</u>	<u>\$ 23,767,464</u>
Cash and cash equivalents classified as:					
Unrestricted	\$ 8,088,342	\$ 1,096,146	\$ 2,932	\$ 3,930,577	\$ 13,117,997
Restricted	2,545,621	7,764,612	339,234	-	10,649,467
Total cash and cash equivalents	<u>\$ 10,633,963</u>	<u>\$ 8,860,758</u>	<u>\$ 342,166</u>	<u>\$ 3,930,577</u>	<u>\$ 23,767,464</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,446,441	\$ 1,599,454	\$ (422,915)	\$ 130,743	\$ 2,753,723
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	625,752	1,090,521	529,962	290,632	2,536,867
Changes in assets and liabilities:					
Accounts receivable	37,785	(22,328)	-	28,963	44,420
Due from other governments	-	(321,863)	(786,848)	-	(1,108,711)
Notes receivable	-	10,536	-	-	10,536
Inventories	174,672	26,896	1,680	(9,588)	193,660
Prepaid items	1,788	1,812	-	8,500	12,100
Accounts payable and accrued liabilities	(68,759)	(336,978)	(24,821)	(145,833)	(576,391)
Deposits	61,990	-	-	-	61,990
Unearned revenue	-	(1,232)	-	-	(1,232)
Compensated absences	12,717	4,507	5,167	(2,443)	19,948
Net pension liability (asset)	(90,093)	(80,478)	(55,839)	(75,211)	(301,621)
Total OPEB liability	(2,951)	(542)	6,137	(6,827)	(4,183)
Net cash provided by (used in) operating activities	<u>\$ 2,199,342</u>	<u>\$ 1,970,305</u>	<u>\$ (747,477)</u>	<u>\$ 218,936</u>	<u>\$ 3,641,106</u>
Non-cash investing, capital, and financing activities:					
Capital assets contributed from other sources	\$ -	\$ -	\$ -	\$ -	\$ -

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

CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Pension Trust Funds
ASSETS	
Cash and cash equivalents with trustee	\$ 995,558
Total cash and cash equivalents	995,558
Receivables	
Interest and dividends receivable	116,395
Total receivables	116,395
Investments, at fair value	
Mutual funds - fixed income	11,670,049
Mutual funds - equity	36,109,206
Real estate funds	6,927,809
Total investments	54,707,064
Total assets	\$ 55,819,017
LIABILITIES	
Accounts payable	\$ 11,888
Total liabilities	\$ 11,888
NET POSITION	
Restricted for pensions	\$ 55,807,129

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

CITY OF LYNN HAVEN, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 1,268,099
Plan members	511,937
State - insurance premium taxes	483,444
Total contributions	2,263,480
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	4,990,313
Interest and dividends	1,096,746
Total investment earnings	6,087,059
Less: investment expense	(156,455)
Net investment income (loss)	5,930,604
Total additions	8,194,084
Deductions	
Benefit payments and refunds	3,175,723
Administrative expenses	169,190
Total deductions	3,344,913
Change in net position	4,849,171
Net position restricted for pensions, beginning of year	50,957,958
Net position restricted for pensions, end of year	\$ 55,807,129

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

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

(a) **Reporting entity**—The City of Lynn Haven, Florida, is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, Ch. 27685, Sec.5) and operates under a Council-Manager form of government that provides the following services as authorized by its charter: law enforcement, fire, streets, sanitation, culture/recreation, public improvements, planning and zoning, general administrative services, and utilities operations.

(b) **Blended component units**—The City has one blended component unit, as follows:

The Lynn Haven Community Redevelopment Agency (the Agency) is operated by the City. The Agency was created on May 25, 2004, by City Resolution 2004-05-350 pursuant to Florida Statute 163.387, to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support City redevelopment in the designated community redevelopment area. Since the City is financially accountable for the activities of the Agency, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund.

(c) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

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

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

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

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, except for FEMA reimbursements which are considered available when collected within 90 days of fiscal year-end. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Lynn Haven Community Redevelopment Agency Fund—The Lynn Haven Community Redevelopment Agency Fund accounts for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the Lynn Haven Community Redevelopment Agency community redevelopment area.

Disaster Recovery Fund—The Disaster Recovery Fund accounts for the receipt and expenditure related to Hurricane Michael recovery-related activities.

The City reports the following major proprietary funds:

Water Fund—The Water Fund accounts for the costs and recovery of costs in the form of user charges related to the production, treatment and distribution of potable water. The maintenance and improvement of utility plant required to provide these goods and services are financed primarily from user charges. Physical plant expansion is financed primarily from revenue bond obligations and other long-term debt borrowings.

Sewer Fund—The Sewer Fund accounts for the costs and recovery of costs in the form of user charges related to the collection, treatment and disposal of sewage waste with the City. The maintenance and improvement of utility plant required to provide these goods and services are financed primarily from user charges. Physical plant expansion is financed primarily from revenue bond obligations and other long-term debt borrowings.

Stormwater Fund—The Stormwater Fund accounts for the collection of drainage fees utilized for the expansion and maintenance of drainage facilities.

Sanitation Fund—The Sanitation Fund provides the community with refuse and recycling services, the costs of which are primarily recovered by user charges.

Additionally, the City reports the following fund types:

Governmental Impact Fee Fund—This is a special revenue fund used to account for impact fees received for capital expansion.

Debt Service Fund—This fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. This fund type is used to provide for the debt service requirements of the City's governmental long-term debt.

Pension Trust Funds—Accounts for the net position held in trust for defined pension benefits and the related financial activities of the employees' retirement system, which accumulates resources for defined pension benefit payments to the Municipal Police Officers' Retirement Trust Fund, the Municipal Firefighters' Pension Trust Fund, and the General Employees' Pension Trust Fund.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions. 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 for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). 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 nonoperating 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 recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new 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 nonoperating revenues and expenses.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. On or before September 15th, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the City Commission, as needed.
- iii. A general summary of the budget and notice of public hearing is made available to the public.
- iv. Prior to October 1st, the budget is legally enacted through passage of a resolution.
- v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.
- vi. The City Commission must approve all inter-departmental budget amendments and/or appropriations transfers.
- vii. Budgetary control is exercised at the fund level.
- viii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the City Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general, special revenue, and debt service funds have legally adopted budgets.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

The budgets for proprietary funds that were either adopted or amended during the year by the City Commission were prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The water, sewer, sanitation, and stormwater funds also have legally adopted annual budgets.

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

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments including investments in the City’s fiduciary funds are recorded at fair value based on quoted market values.

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

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

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

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

(i) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, 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 government as assets with an initial threshold of \$5,000 for equipment and a threshold of \$100,000 for buildings and infrastructure and all land and land improvements in accordance with state policy, and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

Assets	Years
Buildings	50 years
Improvements	50 years
Machinery and equipment	5 – 15 years

(j) **Compensated absences**—The City reports compensated absences in the applicable governmental or business-type activity columns in the governmental-wide financial statements. The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end and accumulated unpaid vacation, sick-leave, and personal leave is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability.

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

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

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

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

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

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

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

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

**CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

(m) **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 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 has multiple items, deferred loss on bond refunding in the proprietary funds and government-wide statement of net position, and deferred outflows related to pensions and OPEB, which qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pensions are discussed further in Note (11) and deferred outflows related to OPEB are discussed further in Note (10).

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 represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items, deferred inflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category, as well as deferred inflows related to unavailable grant revenues in the disaster recovery fund. Deferred inflows related to pensions are discussed further in Note (11) and deferred inflows related to OPEB are discussed further in Note (10).

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

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

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

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

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

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

(3) **Deposits and Investments:**

The City’s investment policies are governed by Chapter 280 and 218, Florida Statutes. For all investments authorized by statute the City applies the “Prudent Person” standard when developing investment strategies. The basic allowable investment instruments are as follows:

The Local Government Surplus Trust Funds or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest bearing time deposits or savings accounts in qualified public depositories as defined in Chapter 280, Florida Statutes.

Direct obligations of the United States Treasury.

Deposits include cash on hand and amounts held in the City’s demand accounts. At September 30, 2025, the carrying amount of the City’s deposits was \$37,015,574. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City’s custodial bank, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments listing in Florida Statutes, Section 218.415.

Custodial Credit Risk—Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act*, the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Chief Financial Officer (CFO) as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State CFO to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State CFO’s office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State CFO.

The City measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines, which recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Pension Plan Investments

The City’s Pension plans have adopted investment policies which authorizes the pension managers to invest in the following:

*General Employees Plan—*Bank deposits and money market accounts, US government and agency obligations, mortgage-backed securities, guaranteed investment contracts, equities listed on a national stock exchange (5% issuer limitation), private real estate trusts with quarterly liquidity and valuations, and exchange-traded funds (ETF) or similar index funds.

*Police Plan—*Bank deposits and money market accounts, US government and agency obligations, mortgage-backed securities, guaranteed investment contracts, equities listed on a national stock exchange (5% issuer limitation), private real estate trusts with quarterly liquidity and valuations, and exchange-traded funds (ETF) or similar index funds.

*Fire Plan—*Money market accounts, fixed income investments rated “BBB” or better (3% individual issuer limitation), equities traded on a national stock exchange (5% issuer limitation), and pooled funds such as mutual funds and ETFs.

The pension plans measure and record investments using fair value measurement guidelines utilizing the same three-tiered fair value hierarchy as the City.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

The following is a description of the valuation techniques used for assets measured at fair value:

Corporate and Municipal Debt Obligations—Valued based on face value of the instruments adjusted for inflation and interest maturities.

Corporate and Equity Securities—Valued at fair value based on quoted market prices at year end.

Mutual Funds (fixed income and equity)—Valued based on face value of the instruments adjusted for inflation and interest maturities.

Real Estate Funds—Valued based upon the asset category and include discounted cash flow, direct capitalization sales approach, and cash equivalency and appraisals of underlying assets.

Units in the American Core Realty Fund (the Core Fund) are offered and sold by means of a private placement offering conducted in compliance with Rule 506 of Regulation D under the Securities Act of 1933, as amended. The Core Fund is an open-end diversified core commingled real estate fund that invests in private real estate and is structured as a Delaware limited partnership. As a result, the Police Officers' Retirement Trust Fund and General Employees' Retirement Trust Fund own units in the Core Fund, and the Core Fund holds no securities on behalf of the Retirement Plan's account in the Core Fund. Units are purchased and redeemed through periodic transactions and the value of the units purchased or sold in such transactions is based on the unit value applicable to the valuation date at which each individual transaction occurred.

As of September 30, 2025, all of the Core Fund's investments were categorized as Level 3. Valuation techniques used to determine fair value for the assets in the Core Fund vary based on the asset category and include discounted cash flow, direct capitalization sales approach, and cash equivalency.

Requests for redemptions of units in the American Core Realty Fund may be made at any time, with 10 business day's notification by submitting a Redemption Notice form signed by a representative of the respective pension plan, and are effective at the end of the calendar quarter in which the request is received by American Realty Advisors (ARA). The units that are subject to a redemption notice may be redeemed in full or in installments on a pro-rata basis as funds become available for such purpose and the redemption price will be the value per unit based on ARA's estimate of the fair value of the Core Fund's net assets as computed under generally accepted accounting principles at such time that each payment is made. Although ARA is required to use reasonable efforts to cause the Core Fund to pay the redemption price as soon as practicable after the effective date of the request, redemptions are subject to the availability of cash flow arising from investment transactions, sales and other fund operations occurring in the normal course of business. ARA is not required to liquidate or encumber assets or defer investments in order to satisfy redemption requests. As of September 30, 2025, there were no unfunded commitments.

A summary of investments held at fair value as of September 30, 2025, is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, at fair value				
Mutual funds - fixed income	\$ 11,670,049	\$ 11,670,049	\$ -	\$ -
Mutual funds - equity	36,109,206	36,109,206	-	-
Real estate funds	6,927,809	-	-	6,927,809
Total investments	<u>\$ 54,707,064</u>	<u>\$ 47,779,255</u>	<u>\$ -</u>	<u>\$ 6,927,809</u>

The pension plans also held a total of \$995,558 of cash and cash equivalents held in the pension trust funds.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The City does not have a policy regarding interest rate risk.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies and credit rating limitations are in place through the plan investment policies. All investments rated within the investment policy guidelines at September 30, 2025.

Concentration of Credit Risk: The City’s pension plans have varying limitations on investment in single-issuers as discussed in the authorized investments note. At September 30, 2025, the investment portfolios met the single issuer limitations.

Custodial Credit Risk: Custodial credit risk is the risk that the City may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to 20-25% percent of its investments in common stock, capital stock and convertible securities at market value in foreign securities. At September 30, 2025, the investment portfolios met the foreign securities limitations.

(4) **Accounts Receivable:**

The City’s receivables consisted of the following at September 30, 2025:

	Net Receivable
Governmental Activities:	
General Fund	\$ 479,597
Total – Governmental Activities	479,597
Business-Type Activities:	
Water Fund	379,469
Sanitation Fund	186,802
Sewer Fund	455,895
Totals – Business-Type Activities	1,022,166
Totals	\$ 1,501,763

In addition to accounts receivable, the City also recorded \$2,979,725 in due from other governments at September 30, 2025. These amounts reflect management’s best estimate of recoveries based on costs incurred and approved project worksheets, and are subject to change pending adjustments made by the respective Federal and/or State agencies.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(5) Interfund Loans and Transfers:

Due to and Due from Funds

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. For the year ended September 30, 2025, the City has a due to the Water Fund from the Stormwater Fund for \$173,864.

Interfund Transfers

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service funds to establish and maintain mandatory reserve and sinking fund accounts, (3) move revenues from proprietary fund operations to the general fund for payments in lieu of taxes, and (4) move unrestricted revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. For the year ended September 30, 2025, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Transfer From	Transfer To
Governmental Activities:		
General Fund:		
Governmental Impact Fee Fund	\$ 927,803	\$ -
Governmental Impact Fee Fund:		
General Fund	-	927,803
ARPA Fund:		
Sewer Fund	-	53,564
Stormwater Fund		4,980,284
Business-type Activities:		
Sewer Fund:		
ARPA Fund	53,564	-
Stormwater Fund:		
ARPA Fund	4,980,284	-
Totals - All Funds	\$ 5,961,651	\$ 5,961,651

Advances to and from Funds

The advances from the General Fund to the Disaster Recovery Fund of \$801,750 were made to cover the timing differences between when expenditures were incurred by the Disaster Recovery Fund and when revenues are recognized from FEMA reimbursements. The advance will be repaid by future revenues of the advanced fund.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

Governmental activities:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 4,991,876	\$ -	\$ -	\$ 4,991,876
Construction in progress	3,582,183	4,100,487	(5,025,869)	2,656,801
Total assets not being depreciated	<u>8,574,059</u>	<u>4,100,487</u>	<u>(5,025,869)</u>	<u>7,648,677</u>
Capital assets being depreciated:				
Buildings	29,070,250	884,133	-	29,954,383
Improvements	59,366,083	4,141,736	-	63,507,819
Machinery and equipment	11,356,048	1,059,361	(481,345)	11,934,064
Total assets being depreciated	<u>99,792,381</u>	<u>6,085,230</u>	<u>(481,345)</u>	<u>105,396,266</u>
Less accumulated depreciation for:				
Less: accumulated depreciation	(22,586,237)	(4,123,113)	473,867	(26,235,483)
Total capital assets being depreciated, net	<u>77,206,144</u>	<u>1,962,117</u>	<u>(7,478)</u>	<u>79,160,783</u>
Governmental activities capital assets, net	<u>\$ 85,780,203</u>	<u>\$ 6,062,604</u>	<u>\$ (5,033,347)</u>	<u>\$ 86,809,460</u>

Business-type activities:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,313,831	\$ -	\$ -	\$ 1,313,831
Construction in progress	3,650,608	2,642,349	(2,181,902)	4,136,440
Total assets not being depreciated	<u>4,964,439</u>	<u>2,642,349</u>	<u>(2,181,902)</u>	<u>5,450,271</u>
Capital assets being depreciated:				
Buildings	1,309,887	-	-	1,309,887
Lease right of use assets	101,986	1,794	-	103,780
Improvements	77,404,957	2,163,324	-	79,568,281
Machinery and equipment	7,377,574	1,460,931	(848,826)	7,989,679
Total assets being depreciated	<u>86,194,404</u>	<u>3,626,049</u>	<u>(848,826)</u>	<u>88,971,627</u>
Less accumulated depreciation for:				
Less: accumulated depreciation	(36,020,465)	(2,536,867)	768,731	(37,759,897)
Total capital assets being depreciated, net	<u>50,173,939</u>	<u>1,089,182</u>	<u>(80,095)</u>	<u>51,211,730</u>
Business-type activities capital assets, net	<u>\$ 55,138,378</u>	<u>\$ 3,731,531</u>	<u>\$ (2,261,997)</u>	<u>\$ 56,662,001</u>

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 989,967
Public safety	574,112
Public works	1,171,267
Economic environment	142,793
Culture and recreation	1,244,974
Total depreciation expense - governmental activities	<u>\$ 4,123,113</u>
Business-type activities:	
Water	\$ 625,752
Sewer	1,090,521
Stormwater	529,962
Sanitation	290,632
Total depreciation expense - business-type activities	<u>\$ 2,536,867</u>

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

Long-term liability activity for the year ended September 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable	\$24,373,530	\$ -	\$(2,269,840)	\$22,103,690	\$ 2,316,970
Compensated absences	499,208	-	(48,549)	547,757	76,686
Total long-term liabilities	<u>\$24,872,738</u>	<u>\$ -</u>	<u>\$(2,318,389)</u>	<u>\$22,651,447</u>	<u>\$ 2,393,656</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable	\$ 1,946,470	\$ -	\$ (300,160)	\$ 1,646,310	\$ 308,030
Discounts / premiums	60,908	-	(8,338)	52,570	-
Net bonds payable	2,007,378	-	(308,498)	1,698,880	308,030
Notes payable	12,556,442	-	(4,809,277)	7,747,165	491,311
Compensated absences	96,734	19,948	-	116,682	17,503
Total long-term liabilities	<u>\$14,660,554</u>	<u>\$ 19,948</u>	<u>\$(5,117,775)</u>	<u>\$ 9,562,727</u>	<u>\$ 816,844</u>

The change in compensated absences above is a net change for the year.

**CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(7) Long-Term Liabilities: (Continued)

Bonds and notes payable in the City’s governmental activities at September 30, 2025, were comprised of the following obligations:

Sales Tax Revenue Refunding Bonds, Series 2016, issued to (1) refund the City’s outstanding sales tax revenue refunding bonds, series 2005, (2) fund a required deposit to the reserve account through purchase of a reserve account insurance policy, and (3) pay related costs of issuance. The series 2016 bonds are payable solely from and secure by an irrevocable pledge of the City’s half-cent sales tax revenues. The bonds are split 43%/57% between governmental/business type activities. The interest rates are from 1.6% to 2.3% and the bonds mature December 2027. Bonds are due in payments of interest annually on December 1st. The outstanding balance at September 30, 2025, was \$453,690.

Taxable Revenue Bonds, Series 2019, issued for the purpose of funding cost related to damage caused by Hurricane Michael. The series 2019 bonds are payable and secured by non-ad valorem revenues budgeted and appropriated by the City. The interest rates are from 2.2% to 3% and the bonds mature August 2034. Bonds are due in payments of interest annually on August 1st with payments beginning in 2021. The outstanding balance at September 30, 2025, was \$21,650,000.

Annual debt service requirements to maturity for the City’s governmental activities bonds and notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	2,316,970	593,881	2,910,851
2027	2,371,230	540,876	2,912,106
2028	2,430,490	484,182	2,914,672
2029	2,330,000	425,520	2,755,520
2030	2,395,000	364,356	2,759,356
2031-3034	10,260,000	1,132,194	13,787,194
Total	<u>22,103,690</u>	<u>3,541,009</u>	<u>28,039,699</u>

Bonds payable in the City’s business-type activities at September 30, 2025, were comprised of the following obligations:

Capital Improvement Revenue Refunding Bonds, Series 2015, were issued to (1) refund a portion of the City’s outstanding Capital Improvement Revenue Bonds, Series 2005, (2) fund a required deposit to the reserve account through the purchase of a reserve accounting insurance policy, (3) and pay related costs of issuance. The series 2015 bonds are secured by a pledge of the net revenues of the City’s water system and sewer system deployment charges bond service component, and the water system development charges bond service component. The lien on the series 2015 bond on the pledged revenues is on a parity with the lien on the remaining bonds outstanding of the City’s capital improvement revenue refunding bonds, series 2004; the City’s capital improvement revenue refunding bonds series 2005; the City’s capital improvement revenue refunding bonds series 2011; and the City’s capital improvement revenues bond, series 2014. The interest rates are from 2.0% to 4.25% and the bonds mature December 2032. Bonds are due in payments of interest semi-annually on December 1st and May 31st. The outstanding balance at September 30, 2025, was \$1,035,000.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Sales Tax Revenue Refunding Bonds, Series 2016, were issued to (1) refund the City’s outstanding sales tax revenue refunding bonds, series 2005, (2) fund a required deposit to the reserve account through purchase of a reserve account insurance policy, and (3) pay related costs of issuance. The series 2016 bonds are payable solely from and secured by an irrevocable pledge of the City’s half-cent sales tax revenues. The bonds are split 43%/57% between governmental/business type activities. The interest rates are from 1.6% to 2.3% and the bonds mature December 2027. Bonds are due in payments of interest annually on December 1st. The outstanding balance at September 30, 2025, was \$611,310.

Notes payable in the City’s business-type activities at September 30, 2025, were comprised of the following obligations:

In June 2018, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a \$2,360,651 loan for a water main replacement at an interest rate of 1.31% per year for 20 years. The first semi-annual payment is due December 15, 2019. The loan is collateralized by the pledged revenues of the water and sewer system. As of September 30, 2025, the loan agreement has been amended for a total amount of \$3,485,021 and the outstanding balance was \$2,561,891.

In June 2018, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a \$4,550,022 loan for a wastewater rehabilitation project at an interest rate of 0.93% per year for 20 years. The first semiannual payment is due March 15, 2021. The loan is collateralized by the pledged revenues of the water and sewer system. As of September 30, 2025, the loan agreement has been amended for a total amount of \$6,629,064 and the outstanding balance was \$5,185,274.

Annual debt service requirements to maturity for the City’s business-type activities bonds, and notes payable, are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	799,341	107,580	906,921
2027	815,302	95,997	911,299
2028	831,319	85,054	916,373
2029	632,144	72,436	704,580
2030	642,537	63,594	706,131
2031-2035	3,080,681	176,757	3,257,438
2036-2040	2,592,151	46,439	2,638,590
Total	<u>9,393,475</u>	<u>647,857</u>	<u>10,041,332</u>

(8) **Commitments and Contingencies:**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2025. The outcomes of established claims are included in these financial statements. In the opinion of the City’s legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

**CITY OF LYNN HAVEN, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025**

(9) Risk Management:

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

(10) Other Postemployment Benefits (OPEB):

Plan Description—City of Lynn Haven, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members and the City are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The City has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The City utilizes the General Fund to liquidate the liability for the OPEB obligation from previous years

Benefits Provided—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

Plan Membership—At September 30, 2024, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	146
Inactive Employees	<u>7</u>
	<u><u>153</u></u>

Total OPEB Liability—The City’s total OPEB liability of \$1,012,495 was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2023.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(10) **Other Postemployment Benefits (OPEB):** (Continued)

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	5.25% - 6.0%
Discount rate	4.06%
Healthcare cost trend rate	5.5%
Ultimate rate reached in 2040	4.5%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

All mortality rates are projected generationally with mortality Improvements Scale MP-2020.

For the fiscal year ended September 30, 2025, changes in the total OPEB liability were as follows:

Balance at September 30, 2024	\$ 927,459
Changes for a year:	
Service cost	69,862
Interest	43,214
Differences between expected and actual experience	-
Changes of assumptions	52,159
Benefit payments – implicit rate subsidy	<u>(80,199)</u>
Net changes	<u>85,036</u>
Balance at September 30, 2025	<u><u>\$ 1,012,495</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 4.06%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 947,444	\$ 1,012,495	\$ 1,084,619

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(10) **Other Postemployment Benefits (OPEB):** (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 1,109,021	\$ 1,012,495	\$ 929,985

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$161,335. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 251,511	\$ 1,157
Contributions subsequent to measurement date	-	-
Changes of assumptions	85,483	132,794
Total	\$ 336,994	\$ 133,951

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	Amortization
2026	\$ 50,570
2027	49,926
2028	41,364
2029	19,740
2030	28,134
Thereafter	13,309

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) Employee Retirement Systems and Pension Funds:

Defined Benefit Plans

The City's pension plans are established by various City ordinances. The City maintains three separate single employer benefit pension plans which cover general employees, police officers and firefighters. The City's ordinances governing the firefighters' and police officers' plans were written in compliance with the provisions of Florida Statutes, Chapters 175 and 185, respectively.

Plan Description and Administration

The City's pension plans are single employer defined benefit pension plans administered by a board of trustees. The board of trustees for each pension plan consists of two City residents appointed by the Commission, two members of the plan elected by the plan membership, and one member elected by the other four members and appointed by the Commission.

No standalone financial reports exist for the pension plans. All financial activity is reported within the accompanying financial statements. Investments are reported at fair value and are managed by third party money managers. The City's independent custodian and the individual money managers price each instrument (using various third-party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated fair value. Performance reporting, manager fees, and the City's asset valuation are based on the custodian's determination of value.

Costs incurred by each of the plans for administration of the plans, which includes legal and actuarial fees, trustee fees and investment advisory fees, are borne by the respective retirement plans and are included in the actuarial analysis of the required funding amounts.

Benefits Provided and Employees Covered

Each Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Cost of living adjustments are provided to retirees and beneficiaries in accordance with the respective plan provisions. Each of the Plans has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of each year. Current membership in the employee retirement plans was composed of the following at October 1, 2024:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>General Employees Plan</u>
Inactive plan members or beneficiaries receiving benefits	22	11	63
Inactive plan members entitled to but not yet receiving benefits	22	7	68
Active participants	36	21	117
Total current membership	<u>80</u>	<u>39</u>	<u>248</u>

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

A summary of the benefits provided under each plan are as follows:

Police Officers Plan

- Normal Retirement Benefits: 3.5% of average final compensation times credited service
- Normal Retirement Age: Earlier of: 1) age 55 and 5 years of credited service, 2) attainment of age 60 or 3) the completion of 25 years of credited service, regardless of age
- Early Retirement Benefits: Accrued benefit reduced 3% for each year that early retirement precedes normal retirement
- Early Retirement Age: Age 45 and 5 Years of credited service
- Vesting Schedule: Benefits vest at 50% upon completion of five years of credited service, with an additional 10 percent vesting for each subsequent year of service, reaching 100% after ten years of credited service.
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non contributions without interest
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is not currently funded per mutual consent between the City and membership.

Firefighters Plan

- Normal Retirement Benefits: 3.5% of average final compensation times credited service
- Normal Retirement Age: Earlier of age 55 and 10 years of credited service or 25 years of credited service regardless of age
- Early Retirement Benefits: Accrued benefit reduced 3% for each year that early retirement precedes normal retirement
- Early Retirement Age: Age 50 and 10 Years of credited service
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is currently not funded.

**CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

General Employees Plan

- Normal Retirement Benefits: 3.0% of average final compensation times credited service
- Normal Retirement Age: Attainment of age 55 and 10 years of credited service
- Early Retirement Benefits: Accrued benefit reduced 1/15th for each of the first 5 years and 1/30th for the next 5 years that early retirement precedes normal retirement
- Early Retirement Age: Age 50 and 10 Years of credited service
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Accrued (formula) benefit payable at the otherwise normal retirement date.
- Refund of accumulated contributions if not vested
- Disability Eligibility: Total and permanent disability prior to normal retirement date. Ten years of service required for not-in-line of duty benefits
- Disability Benefits: Accrued benefit actuarially reduced
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable as a ten-year certain to designated beneficiary at the otherwise normal retirement date
- Pre-Retirement Death Benefits Nonvested: Return of member's accumulated contributions.

The most recent experience studies for the police, fire, and general employees' plans were conducted as of March 6, 2018; June 8, 2022; and March 6, 2018; respectively.

Contributions

Members contribute five percent of their pretax earnings. The City contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over thirty years. The State of Florida contributes any monies received by reason of the laws of the State for the purpose of funding and paying for retirement benefits.

For the year ended September 30, 2025, contributions to the City's pension plans were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>General Employees Plan</u>	<u>Total</u>
Employee contributions	\$ 112,611	\$ 81,119	\$ 318,207	\$ 511,937
City contributions	103,223	83,662	1,081,214	1,268,099
State contributions	283,146	200,298	-	483,444
Total contributions	<u>\$ 498,980</u>	<u>\$ 365,079</u>	<u>\$ 1,399,421</u>	<u>\$ 2,263,480</u>

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

Investment Policy

See Note (3) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2025:

Asset Class	Target Asset Allocation		
	Police Plan	Fire Plan	General Employees Plan
Domestic equity	50%	45%	50%
International equity	14%	15%	14%
Domestic fixed income	-%	20%	-%
Bank Loans	20%	2.5%	20%
Global fixed income	-%	2.5%	-%
Infrastructure	6%	10%	6%
Private real estate	10%	5%	10%

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the pension plans at September 30, 2025, were as follows:

	Police Plan	Fire Plan	General Employees Plan	Total
Total pension liability	\$ 13,493,619	\$ 10,644,999	\$ 27,241,921	\$ 47,380,539
Plan fiduciary net position	(16,315,627)	(11,209,456)	(28,282,045)	(55,807,128)
Net pension liability (asset)	\$ (2,822,008)	\$ (564,457)	\$ (1,040,124)	\$ (4,426,589)
Plan fiduciary net position as percentage of total pension liability (asset)	(120.91%)	(105.30%)	(103.82)%	(117.78%)

The total pension liability was determined by an actuarial valuation as of October 1, 2024, and measurement date of September 30, 2025, using the following actuarial assumptions to all measurement periods.

	Police Plan	Fire Plan	General Employees Plan
Inflation	2.50%	2.50%	2.50%
Salary increases	Service based	Service based	Service based
Investment rate of return	7.20%	7.10%	7.40%
Mortality table	MP-2021, projected	MP-2021, projected	MP-2021, projected

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>		
	<u>Police Plan</u>	<u>Fire Plan</u>	<u>General Employees Plan</u>
Domestic equity	7.8%	7.5%	7.8%
International equity	3.8%	8.5%	3.8%
Broad Market Fixed Income	N/A	2.5%	N/A
Fixed Income (Non-Core)	N/A	2.5%	N/A
Bonds	1.8%	N/A	1.8%
Global Fixed Income	N/A	3.5%	N/A
Infrastructure	6.4%	4.5%	6.4%
Private Real Estate	5.4%	4.5%	5.4%

Discount rate:

The discount rate used to measure the total pension liability for each pension plan varied as discussed on the following pages. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

Changes in net pension liability (asset):

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

	Police Plan		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 12,305,450	\$ 14,926,578	\$ (2,621,128)
Changes for year:			
Service cost	413,747	-	413,747
Interest	887,879	-	887,879
Differences between expected/actual experience	285,751	-	285,751
Changes of assumptions	279,300	-	279,300
Share plan allocation	96,573	-	96,573
Contributions - employer	-	103,222	(103,222)
Contributions - employee	-	112,611	(112,611)
Contributions - state	-	283,146	(283,146)
Net investment income	-	1,729,521	(1,729,521)
Benefit payments, including refunds	(775,081)	(775,081)	-
Administrative expenses	-	(64,370)	64,370
Net changes	<u>1,188,169</u>	<u>1,389,049</u>	<u>(200,880)</u>
Ending Balance	<u>\$ 13,493,619</u>	<u>\$ 16,315,627</u>	<u>\$ (2,822,008)</u>
	Fire Plan		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 9,676,343	\$ 10,468,221	\$ (791,878)
Changes for year:			
Service cost	281,126	-	281,126
Interest	691,507	-	691,507
Differences between expected/actual experience	329,158	-	329,158
Change of assumption	318,142	-	318,142
Share plan allocation	55,149	-	55,149
Contributions - employer	-	83,662	(83,662)
Contributions - employee	-	81,119	(81,119)
Contributions - state	-	200,298	(200,298)
Net investment income	-	1,123,921	(1,123,921)
Benefit payments, including refunds	(706,426)	(706,426)	-
Administrative expenses	-	(41,339)	41,339
Net changes	<u>968,656</u>	<u>741,235</u>	<u>227,421</u>
Ending Balance	<u>\$ 10,644,999</u>	<u>\$ 11,209,456</u>	<u>\$ (564,457)</u>

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

	General Plan		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a-b)
Beginning Balance	\$ 25,976,426	\$ 25,563,159	\$ 413,267
Changes for year:			
Service cost	930,279	-	930,279
Interest	1,928,411	-	1,928,411
Differences between expected/actual experience	119,030	-	119,030
Change of assumptions	(18,009)	-	(18,009)
Contributions - employer	-	1,081,215	(1,081,215)
Contributions - employee	-	318,206	(318,206)
Net investment income	-	3,077,161	(3,077,161)
Benefit payments, including refunds	(1,694,216)	(1,694,216)	-
Administrative expenses	-	(63,480)	63,480
Net changes	1,265,495	2,718,886	(1,453,391)
Ending Balance	<u>\$ 27,241,921</u>	<u>\$ 28,282,045</u>	<u>\$ (1,040,124)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension liability (asset) of the City calculated using the selected discount rates, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL (NPA) with 1% Decrease	NPL (NPA) at Current Discount Rate	NPL (NPA) with 1% Increase
Police	7.20%	\$ (1,246,931)	\$ (2,822,008)	\$ (4,131,860)
Fire	7.10%	827,845	(564,457)	(1,704,631)
General Employees	7.40%	1,845,292	(1,040,124)	(3,473,704)
Total		<u>\$ 1,426,206</u>	<u>\$ (4,426,589)</u>	<u>\$ (9,310,195)</u>

For the year ended September 30, 2025, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	Police Plan	Fire Plan	General Employees Plan
Annual money-weighted rate of return	11.80 %	11.02 %	12.09 %

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

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of \$54,321, \$166,253 and \$108,433, in the Police, Fire, and General Employees, pension plans, respectively, for a total of \$329,007.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police Plan</u>		<u>Fire Plan</u>		<u>General Employees Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 274,607	\$ -	\$ 313,444	\$ 474,586	\$ 89,274	\$ 108,021
Changes of assumptions	224,464	-	345,332	-	61,765	13,506
Net different between projected and actual investment earnings	-	1,398,034	-	756,392	-	2,261,287
	<u>\$ 499,071</u>	<u>\$ 1,398,034</u>	<u>\$ 658,776</u>	<u>\$ 1,230,978</u>	<u>\$ 151,039</u>	<u>\$ 2,382,814</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>General Employees Plan</u>
2026	\$ 95,248	\$ 38,018	\$ 3,023
2027	(460,153)	(330,395)	(1,092,336)
2028	(400,645)	(332,488)	(902,713)
2029	(133,413)	52,663	(239,749)

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

Pension Fund Financial Statements

The City does not issue separate financial statements for the General Employee, Police, or Fire Plan. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds. Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2025:

COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>General Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents with trustee	\$ 125,037	\$ 112,451	\$ 758,070	\$ 995,558
Total cash and cash equivalents	<u>125,037</u>	<u>112,451</u>	<u>758,070</u>	<u>995,558</u>
Receivables				
Interest and dividends receivable	15,167	71,445	29,783	116,395
Total receivables	<u>15,167</u>	<u>71,445</u>	<u>29,783</u>	<u>116,395</u>
Investments, at fair value				
Mutual funds - fixed income	3,697,589	2,307,081	5,665,379	11,670,049
Mutual funds - equity	10,513,571	7,377,674	18,217,961	36,109,206
Real estate funds	1,964,264	1,346,111	3,617,434	6,927,809
Total investments	<u>16,175,424</u>	<u>11,030,866</u>	<u>27,500,774</u>	<u>54,707,064</u>
Total assets	<u>\$ 16,315,628</u>	<u>\$ 11,214,762</u>	<u>\$ 28,288,627</u>	<u>\$ 55,819,017</u>
LIABILITIES				
Accounts payable	\$ -	\$ 5,306	\$ 6,582	\$ 11,888
Total liabilities	<u>\$ -</u>	<u>\$ 5,306</u>	<u>\$ 6,582</u>	<u>\$ 11,888</u>
NET POSITION				
Restricted for pensions	<u>\$ 16,315,628</u>	<u>\$ 11,209,456</u>	<u>\$ 28,282,045</u>	<u>\$ 55,807,129</u>

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>General Plan</u>	<u>Total</u>
Additions				
Contributions:				
Employer	\$ 103,223	\$ 83,662	\$ 1,081,214	\$ 1,268,099
Plan members	112,611	81,119	318,207	511,937
State - insurance premium taxes	283,146	200,298	-	483,444
Total contributions	<u>498,980</u>	<u>365,079</u>	<u>1,399,421</u>	<u>2,263,480</u>
Investment earnings:				
Net appreciation (depreciation) in fair value of investments	1,493,907	844,280	2,652,126	4,990,313
Interest and dividends	283,065	325,382	488,299	1,096,746
Total investment earnings	<u>1,776,972</u>	<u>1,169,662</u>	<u>3,140,425</u>	<u>6,087,059</u>
Less: investment expense	(47,451)	(45,740)	(63,264)	(156,455)
Net investment income (loss)	<u>1,729,521</u>	<u>1,123,922</u>	<u>3,077,161</u>	<u>5,930,604</u>
Total additions	<u>2,228,501</u>	<u>1,489,001</u>	<u>4,476,582</u>	<u>8,194,084</u>
Deductions				
Benefit payments and refunds	775,081	706,426	1,694,216	3,175,723
Administrative expenses	64,370	41,340	63,480	169,190
Total deductions	<u>839,451</u>	<u>747,766</u>	<u>1,757,696</u>	<u>3,344,913</u>
Change in net position	<u>1,389,050</u>	<u>741,235</u>	<u>2,718,886</u>	<u>4,849,171</u>
Net position restricted for pensions, beginning of year	14,926,578	10,468,221	25,563,159	50,957,958
Net position restricted for pensions, end of year	<u>\$ 16,315,628</u>	<u>\$ 11,209,456</u>	<u>\$ 28,282,045</u>	<u>\$ 55,807,129</u>

(12) **Restatement of Beginning Net Position:**

During the fiscal year ending September 30, 2025, management became aware of the following errors: understatement of water fund fixed assets, sewer fund fixed assets, stormwater fixed assets and sanitation fixed assets due to improper recording in the prior period. The net effect of these adjustments on beginning fund balance and net position were as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Beginning fund balance , as previously stated	\$ 94,238,589	\$ 22,136,501
Restatement of grant revenue	79,321	79,321
Beginning fund balance , as restated	<u>\$ 94,317,910</u>	<u>\$ 22,215,822</u>
	<u>Business-type Activities</u>	<u>Water</u>
Beginning net position , as previously stated	\$ 61,130,657	\$ 21,438,532
Restatement of capital assets	25,385	25,385
Beginning net position , as restated	<u>\$ 61,156,042</u>	<u>\$ 21,463,917</u>

CITY OF LYNN HAVEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(13) **Recent Accounting Pronouncements:**

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

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 14,002,013	\$ 13,989,302	\$ 12,793,318	\$ (1,195,984)
Permits and fees	1,933,511	1,685,579	1,892,771	207,192
Intergovernmental	6,367,121	7,048,546	5,346,872	(1,701,674)
Charges for services	2,688,165	2,621,923	2,788,807	166,884
Fines and forfeitures	77,527	66,845	59,330	(7,515)
Investment income	1,026,837	710,811	976,647	265,836
Miscellaneous	124,946	204,198	280,132	75,934
Total revenues	<u>26,220,120</u>	<u>26,327,204</u>	<u>24,137,877</u>	<u>(2,189,327)</u>
Expenditures				
Current:				
General government	5,657,194	5,820,204	5,442,412	377,792
Planning and code enforcement	707,518	758,740	623,943	134,797
Public safety	7,454,775	7,860,475	7,591,623	268,852
Transportation	5,334,595	3,895,669	1,323,098	2,572,571
Economic environment	174,944	154,945	124,261	30,684
Culture and recreation	3,339,117	3,495,737	2,962,365	533,372
Disaster recovery	5,000	5,000	772	4,228
Capital outlay	4,130,868	6,559,049	3,488,151	3,070,898
Debt service:				
Principal	144,840	144,840	144,840	-
Interest and fiscal charges	11,071	11,071	11,071	-
Total expenditures	<u>26,959,922</u>	<u>28,705,730</u>	<u>21,712,536</u>	<u>6,993,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(739,802)</u>	<u>(2,378,526)</u>	<u>2,425,341</u>	<u>4,803,867</u>
Other financing sources (uses)				
Transfers in	721,600	1,050,416	927,803	(122,613)
Sale of capital assets	14,745	32,654	43,833	11,179
Insurance recoveries	-	233,068	98,891	(134,177)
Total other financing sources (uses)	<u>736,345</u>	<u>1,316,138</u>	<u>1,070,527</u>	<u>(245,611)</u>
Net change in fund balances	<u>(3,457)</u>	<u>(1,062,388)</u>	<u>3,495,868</u>	<u>4,558,256</u>
Fund balances, beginning of year	22,215,822	22,215,822	22,215,822	-
Fund balances, end of year	<u>\$ 22,212,365</u>	<u>\$ 21,153,434</u>	<u>\$ 25,711,690</u>	<u>\$ 4,558,256</u>

CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,044,796	\$ 1,036,446	\$ 1,036,446	\$ -
Investment income	70,118	46,038	74,135	28,097
Total revenues	<u>1,114,914</u>	<u>1,082,484</u>	<u>1,110,581</u>	<u>28,097</u>
Expenditures				
Current:				
Economic environment	624,186	439,553	208,751	230,802
Capital outlay	650,000	1,142,160	950,115	192,045
Total expenditures	<u>1,274,186</u>	<u>1,581,713</u>	<u>1,158,866</u>	<u>422,847</u>
Excess (deficiency) of revenues over expenditures	<u>(159,272)</u>	<u>(499,229)</u>	<u>(48,285)</u>	<u>450,944</u>
Net change in fund balances	<u>(159,272)</u>	<u>(499,229)</u>	<u>(48,285)</u>	<u>450,944</u>
Fund balances, beginning of year	1,352,964	1,352,964	1,352,964	-
Fund balances, end of year	<u><u>\$ 1,193,692</u></u>	<u><u>\$ 853,735</u></u>	<u><u>\$ 1,304,679</u></u>	<u><u>\$ 450,944</u></u>

CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DISASTER RECOVERY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 1,549,967	\$ 1,598,820	\$ 48,853
Investment income	280,951	81,820	80,963	(857)
Total revenues	<u>280,951</u>	<u>1,631,787</u>	<u>1,679,783</u>	<u>47,996</u>
Expenditures				
Current:				
Disaster recovery	115,770	251,630	214,832	36,798
Capital outlay	1,812,118	2,084,272	721,582	1,362,690
Debt service:				
Principal	2,125,000	2,125,000	2,125,000	-
Interest and fiscal charges	632,334	632,334	632,334	-
Total expenditures	<u>4,685,222</u>	<u>5,093,236</u>	<u>3,693,748</u>	<u>1,399,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,404,271)</u>	<u>(3,461,449)</u>	<u>(2,013,965)</u>	<u>1,447,484</u>
Net change in fund balances	<u>(4,404,271)</u>	<u>(3,461,449)</u>	<u>(2,013,965)</u>	<u>1,447,484</u>
Fund balances, beginning of year	1,358,965	1,358,965	1,358,965	-
Fund balances, end of year	<u><u>\$ (3,045,306)</u></u>	<u><u>\$ (2,102,484)</u></u>	<u><u>\$ (655,000)</u></u>	<u><u>\$ 1,447,484</u></u>

CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 69,862	\$ 59,550	\$ 91,464	\$ 90,387	\$ 38,416	\$ 28,852	\$ 29,919	\$ 31,264
Interest	43,214	32,846	19,041	11,084	16,559	16,800	14,049	11,375
Difference between expected and actual experience	-	191,926	-	254,294	-	(8,117)	-	-
Changes of assumptions	52,159	(3,116)	(141,756)	(57,590)	59,916	28,165	(17,715)	(18,548)
Benefit payments - implicit rate subsidy	(80,199)	(84,683)	(42,806)	(22,251)	(19,694)	(9,641)	(8,886)	(8,171)
Net change in total OPEB liability	85,036	196,523	(74,057)	275,924	95,197	56,059	17,367	15,920
Total OPEB liability - beginning of year	927,459	730,936	804,993	529,069	433,872	377,813	360,446	344,526
Total OPEB liability - end of year	\$ 1,012,495	\$ 927,459	\$ 730,936	\$ 804,993	\$ 529,069	\$ 433,872	\$ 377,813	\$ 360,446

Covered payroll

\$ 7,481,104	\$ 7,481,104	\$ 7,867,987	\$ 7,464,740	\$ 6,699,324	\$ 6,309,403	\$ 6,413,679	\$ 6,041,521
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Total OPEB liability as a percentage of covered payroll

13.53%	12.40%	9.29%	10.78%	7.90%	6.88%	5.89%	5.97%
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Notes to Schedule:

Valuation date:

9/30/2023	9/30/2023	9/30/2021	9/30/2021	9/30/2020	9/30/2019	9/30/2017
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Measurement date:

9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2017
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Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

4.87%	4.87%	2.43%	2.43%	2.14%	3.58%	4.18%	3.64%
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* 10 years of data will be presented as it becomes available.

CITY OF LYNN HAVEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year Ending September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 413,747	\$ 421,624	\$ 351,020	\$ 349,459	\$ 379,167	\$ 343,348	\$ 291,738	\$ 292,982	\$ 291,017	\$ 283,018
Interest	887,879	833,550	769,693	737,064	706,740	663,642	622,351	620,208	597,635	564,143
Change in excess state money	-	-	-	-	-	(224,454)	33,232	27,951	20,749	25,295
Share plan allocation	96,573	87,100	66,389	50,115	40,153	259,346	-	-	-	-
Changes in benefit terms	-	-	213,800	-	-	-	-	-	-	-
Difference between actual and expected experience	285,751	109,876	21,421	(110,787)	(89,286)	50,470	25,008	(139,696)	(218,184)	(331,547)
Changes of assumptions	279,300	-	59,956	-	-	82,940	-	201,250	-	192,001
Benefit payments including refunds of contributions	(775,081)	(604,328)	(580,159)	(574,556)	(603,065)	(468,919)	(411,401)	(444,770)	(335,766)	(258,147)
Net change in total pension liability	1,188,169	847,822	902,120	451,295	433,709	706,373	560,928	557,925	355,451	474,765
Total pension liability - beginning	12,305,450	11,457,628	10,555,508	10,104,213	9,670,504	8,964,131	8,403,203	7,845,278	7,489,827	7,015,064
Total pension liability - ending (a)	\$ 13,493,619	\$ 12,305,450	\$ 11,457,628	\$ 10,555,508	\$ 10,104,213	\$ 9,670,504	\$ 8,964,131	\$ 8,403,203	\$ 7,845,278	\$ 7,489,827
Total Fiduciary Net Position										
Contributions - employer	\$ 103,222	\$ 182,222	\$ 131,180	\$ 200,636	\$ 128,300	\$ 117,112	\$ 146,262	\$ 141,741	\$ 118,040	\$ 193,200
Contributions - state	283,146	264,201	222,779	190,230	170,305	159,783	156,463	145,902	131,498	140,590
Contributions - employee	112,611	108,885	109,550	100,754	94,376	90,085	88,027	74,601	62,126	62,391
Net investment income	1,729,521	2,911,352	1,230,338	(1,743,389)	2,283,166	1,666,103	360,191	471,140	751,774	654,947
Benefit payments, including refunds of contributions	(775,081)	(604,328)	(580,159)	(574,556)	(603,065)	(468,919)	(411,401)	(444,770)	(335,766)	(258,147)
Administrative expense	(64,370)	(55,967)	(47,096)	(30,528)	(39,118)	(33,841)	(30,204)	(44,223)	(33,448)	(17,500)
Net change in plan fiduciary net position	1,389,049	2,806,365	1,066,592	(1,856,853)	2,033,964	1,530,323	309,338	344,391	694,224	775,481
Plan fiduciary net position - beginning	14,926,578	12,120,213	11,053,621	12,910,474	10,876,510	9,346,187	9,036,849	8,692,458	7,998,234	7,222,753
Plan fiduciary net position - ending (b)	\$ 16,315,627	\$ 14,926,578	\$ 12,120,213	\$ 11,053,621	\$ 12,910,474	\$ 10,876,510	\$ 9,346,187	\$ 9,036,849	\$ 8,692,458	\$ 7,998,234
Net pension liability (asset) - ending (a) - (b)	\$ (2,822,008)	\$ (2,621,128)	\$ (662,585)	\$ (498,113)	\$ (2,806,261)	\$ (1,206,006)	\$ (382,056)	\$ (633,646)	\$ (847,180)	\$ (508,407)
Plan fiduciary net position as a percentage of the total pension liability	120.91%	121.30%	105.78%	104.72%	127.77%	112.47%	104.26%	107.54%	110.80%	106.79%
Covered payroll	\$ 2,252,206	\$ 2,177,692	\$ 2,190,989	\$ 2,014,983	\$ 1,889,317	\$ 1,801,862	\$ 1,760,537	\$ 1,492,008	\$ 1,242,529	\$ 1,247,810
Net pension liability as a percentage of covered payroll	-125.30%	-120.36%	-30.24%	-24.72%	-148.53%	-66.93%	-21.70%	-42.47%	-68.18%	-40.74%

CITY OF LYNN HAVEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE PLAN
SEPTEMBER 30, 2025
(UNAUDITED)

Fiscal Year Ending September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 281,126	\$ 254,350	\$ 219,461	\$ 191,908	\$ 187,751	\$ 214,465	\$ 216,588	\$ 187,963	\$ 214,294	\$ 202,696
Interest	691,507	700,989	706,466	642,924	609,590	556,161	504,486	460,987	428,511	395,917
Change in excess state money	-	-	-	-	-	-	-	-	(581,215)	7,031
Share plan allocation	55,149	46,556	34,322	8,528	5,192	2,630	-	-	581,215	-
Changes in benefit terms	-	-	106,783	-	-	-	(483)	-	-	-
Difference between actual and expected experience	329,158	(339,209)	(512,943)	150,346	(87,519)	311,990	251,609	159,539	(404,891)	(92,891)
Changes of assumptions	318,142	-	53,210	192,649	-	(108,054)	-	-	211,236	245,505
Benefit payments including refunds of contributions	(706,426)	(935,908)	(365,274)	(309,646)	(209,131)	(217,917)	(297,697)	(175,605)	(173,914)	(191,309)
Net change in total pension liability	968,656	(273,222)	242,025	876,709	505,883	759,275	674,503	632,884	275,236	566,949
Total pension liability - beginning	9,676,343	9,949,565	9,707,540	8,830,831	8,324,948	7,565,673	6,891,170	6,258,286	5,983,050	5,416,101
Total pension liability - ending (a)	\$ 10,644,999	\$ 9,676,343	\$ 9,949,565	\$ 9,707,540	\$ 8,830,831	\$ 8,324,948	\$ 7,565,673	\$ 6,891,170	\$ 6,258,286	\$ 5,983,050
Total Fiduciary Net Position										
Contributions - employer	\$ 83,662	\$ 175,407	\$ 163,420	\$ 185,749	\$ 218,422	\$ 173,792	\$ 155,695	\$ 64,246	\$ 85,694	\$ 179,059
Contributions - state	200,298	183,113	158,644	107,055	100,384	95,261	87,729	76,493	72,877	104,062
Contributions - employee	81,119	63,394	58,122	56,192	52,194	53,187	55,243	51,084	46,004	39,616
Net investment income	1,123,921	1,844,789	879,160	(1,221,494)	1,526,972	700,117	291,181	543,931	688,348	263,560
Benefit payments, including refunds of contributions	(706,426)	(935,908)	(365,274)	(309,646)	(209,131)	(217,917)	(297,697)	(175,605)	(173,914)	(191,309)
Administrative expense	(41,339)	(54,625)	(45,599)	(40,444)	(32,439)	(34,051)	(31,169)	(31,788)	(36,876)	(25,141)
Net change in plan fiduciary net position	741,235	1,276,170	848,473	(1,222,588)	1,656,402	770,389	260,982	528,361	682,133	369,847
Plan fiduciary net position - beginning	10,468,221	9,192,051	8,343,578	9,566,166	7,909,764	7,139,375	6,878,393	6,350,032	5,667,899	5,298,052
Plan fiduciary net position - ending (b)	\$ 11,209,456	\$ 10,468,221	\$ 9,192,051	\$ 8,343,578	\$ 9,566,166	\$ 7,909,764	\$ 7,139,375	\$ 6,878,393	\$ 6,350,032	\$ 5,667,899
Net pension liability (asset) - ending (a) - (b)	\$ (564,457)	\$ (791,878)	\$ 757,514	\$ 1,363,962	\$ (735,335)	\$ 415,184	\$ 426,298	\$ 12,777	\$ (91,746)	\$ 315,151
Plan fiduciary net position as a percentage of the total pension liability	105.30%	108.18%	92.39%	85.95%	108.33%	95.01%	94.37%	99.81%	101.47%	94.73%
Covered payroll	\$ 1,622,374	\$ 1,267,879	\$ 1,162,432	\$ 1,123,829	\$ 1,043,881	\$ 1,063,734	\$ 1,104,869	\$ 1,021,678	\$ 920,087	\$ 792,315
Net pension liability as a percentage of covered payroll	-34.79%	-62.46%	65.17%	121.37%	-70.44%	39.03%	38.58%	1.25%	-9.97%	39.78%

CITY OF LYNN HAVEN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 GENERAL EMPLOYEES PLAN
 SEPTEMBER 30, 2025
 (UNAUDITED)

Fiscal Year Ending September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 930,279	\$ 907,213	\$ 772,725	\$ 712,469	\$ 753,642	\$ 626,056	\$ 637,599	\$ 673,135	\$ 623,575	\$ 600,171
Interest	1,928,411	1,867,298	1,776,538	1,706,413	1,638,860	1,556,713	1,533,656	1,601,695	1,535,793	1,443,346
Changes of benefit terms	-	-	308,027	(227,672)	20,840	-	-	-	-	-
Difference between actual and expected experience	119,030	(200,124)	(31,837)	(227,672)	(292,341)	178,695	(326,079)	(555,192)	(257,496)	(350,889)
Changes of assumptions	(18,009)	-	247,060	(1,161,054)	-	(48,567)	-	(10,211)	-	438,382
Benefit payments including refunds of contributions	(1,694,216)	(1,848,982)	(1,471,879)	(1,030,156)	965,499	(1,576,564)	(1,475,853)	(1,016,808)	(1,238,504)	(759,152)
Net change in total pension liability	1,265,495	725,405	1,600,634	1,030,156	21,654,732	736,333	369,323	692,619	663,368	1,371,858
Total pension liability - beginning	25,976,426	25,251,021	23,650,387	22,620,231	21,654,732	20,918,399	20,549,076	19,856,457	19,193,089	17,821,231
Total pension liability - ending (a)	\$ 27,241,921	\$ 25,976,426	\$ 25,251,021	\$ 23,650,387	\$ 22,620,231	\$ 21,654,732	\$ 20,918,399	\$ 20,549,076	\$ 19,856,457	\$ 19,193,089
Total Fiduciary Net Position										
Contributions - employer	\$ 1,081,215	\$ 904,483	\$ 731,890	\$ 822,776	\$ 786,782	\$ 745,042	\$ 752,407	\$ 861,267	\$ 793,327	\$ 887,944
Contributions - employee	318,206	280,013	272,182	256,304	236,766	221,497	199,258	179,027	165,681	162,257
Net investment income	3,077,161	4,990,498	2,153,940	(3,467,381)	3,976,723	1,522,268	586,457	1,034,593	1,560,376	1,348,632
Benefit payments, including refunds of contributions	(1,694,216)	(1,848,982)	(1,471,879)	(1,161,054)	(1,155,502)	(1,576,564)	(1,475,853)	(1,016,808)	(1,238,504)	(759,152)
Administrative expense	(63,480)	(65,877)	(60,092)	(39,499)	(35,857)	(39,040)	(36,704)	(59,210)	(32,941)	(28,181)
Net change in plan fiduciary net position	2,718,886	4,260,135	1,626,041	(3,588,854)	3,808,912	873,203	25,565	998,869	1,247,939	1,611,500
Plan fiduciary net position - beginning	25,563,159	21,303,024	19,676,983	23,265,837	19,456,925	18,583,722	18,558,157	17,559,288	16,311,349	14,699,849
Plan fiduciary net position - ending (b)	\$ 28,282,045	\$ 25,563,159	\$ 21,303,024	\$ 19,676,983	\$ 23,265,837	\$ 19,456,925	\$ 18,583,722	\$ 18,558,157	\$ 17,559,288	\$ 16,311,349
Net pension liability - ending (a) - (b)	\$ (1,040,124)	\$ 413,267	\$ 3,947,997	\$ 3,973,404	\$ (645,606)	\$ 2,197,807	\$ 2,334,677	\$ 1,990,919	\$ 2,297,169	\$ 2,881,740
Plan fiduciary net position as a percentage of the total pension liability	103.82%	98.41%	84.37%	83.20%	102.85%	89.85%	88.84%	90.31%	88.43%	84.99%
Covered payroll	\$ 6,366,914	\$ 5,609,629	\$ 5,441,940	\$ 5,077,809	\$ 4,729,520	\$ 4,429,931	\$ 3,985,148	\$ 3,588,614	\$ 3,305,528	\$ 3,245,125
Net pension liability as a percentage of covered payroll	-16.34%	7.37%	72.55%	78.25%	-13.65%	49.61%	58.58%	55.48%	69.49%	88.80%

**CITY OF LYNN HAVEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PLAN
SEPTEMBER 30, 2025
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	\$ 362,683	\$ 289,795	\$ 72,888	\$ 2,252,206	12.87%
2024	329,654	359,323	(29,669)	2,177,692	16.50%
2023	284,736	287,570	(2,834)	2,190,989	13.13%
2022	317,370	340,751	(23,381)	2,014,983	16.91%
2021	284,868	258,452	26,416	1,889,317	13.68%
2020	242,034	242,003	31	1,801,862	13.43%
2019	257,277	269,493	(12,216)	1,760,537	15.31%
2021	244,035	259,692	(15,657)	1,492,008	17.41%
2017	243,816	228,789	15,027	1,242,529	18.41%
2016	268,378	308,495	(40,117)	1,247,810	24.72%

Notes to Schedule:

Valuation Date: 10/1/2024
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal cost
Amortization Method: Unfunded actuarial accrued liability amortized as follows:
Experience: 15 Years.
Assumption/Method Changes: 15 Years.
Benefit Changes: 15 Years.
Asset Valuation Method: All assets are valued at market value with an adjustment to uniformly spread actual investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation: 2.50%
Salary Increases: Service Based, 4.0%-7.5%
Discount Rate: 7.20%
Investment Rate of Return: 7.20% per year compounded annually, net of investment related expenses.
Mortality: Healthy Active Lives:
Female: PubMP-2021 for Employees, set forward one year.
Male: PubMP-2021 for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubMP-2021 for Healthy Retirees
Male: PubMP-2021 for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubMP-2021 for Healthy Retirees.
Male: PubMP-2021 for Healthy Retirees, set back one year.
Disabled Lives:
Female: PubMP-2021 for Disabled Retirees, set forward 1 year
Male: PubcMP-2021 for Disabled Retirees
Retirement Age: Earlier of: 1) age 55 and 10 years of service, 2) 25 years of service, regardless of age or 3) attainment of age 60. Also, any Member who has reached Normal Retirement assumed to continue employment for one additional year. We feel this assumption reasonable based on the plan provisions.

Disability Rate Table:

Age	% Becoming Disabled During the Year	Age	% Becoming Disabled During the Year
20	0.03%	45	0.10%
25	0.03%	50	0.18%
30	0.04%	55	0.36%
35	0.05%	60	0.90%
40	0.07%		

Termination Rate Table:

Years of Service	Rate	Years of Service	Rate
0	15.00%	8	7.00%
1	14.00%	9	6.00%
2	13.00%	10	5.00%
3	12.00%	11	4.00%
4	11.00%	12	3.00%
5	10.00%	13	2.00%
6	9.00%	14	1.00%
7	8.00%	15+	0.50%

**CITY OF LYNN HAVEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIRE PLAN
SEPTEMBER 30, 2025
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	\$ 304,302	\$ 228,811	\$ 75,491	\$ 1,622,374	14.10%
2024	281,020	311,964	(30,944)	1,267,879	24.61%
2023	258,236	287,742	(29,506)	1,162,432	24.75%
2022	277,989	284,276	(6,287)	1,123,829	25.30%
2021	324,176	313,614	10,562	1,043,881	30.04%
2020	282,652	266,422	16,230	1,063,734	25.05%
2019	218,342	243,424	(25,082)	1,104,869	22.03%
2018	181,559	140,739	40,820	1,021,678	13.78%
2017	185,478	158,571	26,907	920,087	17.23%
2016	189,266	276,090	(86,824)	792,315	34.85%

Notes to Schedule:

Valuation Date: 10/1/2024

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal cost
Amortization Method: Unfunded actuarial accrued liability amortized as follows:
Experience: 10 Years.
Assumption/Method Changes: 20 Years.
Benefit Changes: 30 Years.

Asset Valuation Method: All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Inflation: 2.50%
Salary Increases: Service based, 5%-7%
Discount Rate: 7.10%
Investment Rate of Return: 7.10% per year compounded annually, net of investment related expenses.

Mortality:
Healthy Active Lives:
Female: PubMP-2021 for Employees, set forward one year.
Male: PubMP-2021 for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubMP-2021 for Healthy Retirees, set forward one year.
Male: PubMP-2021 for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubMP-2021 for Healthy Retirees.
Male: PubMP-2021 for Healthy Retirees, set back one year.
Disabled Lives:
Female: PubMP-2021 for Disabled Retirees, set forward 1 year
Male: PubMP-2021 for Disabled Retirees

Retirement Age: Earlier age 55 and 10 years of service or 25 years of service, regardless of age.
Disability Rate Table:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Termination Rate Table:

Years of Termination

**CITY OF LYNN HAVEN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES PLAN
SEPTEMBER 30, 2025
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2025	\$ 1,101,777	\$ 1,081,215	\$ 20,562	\$ 6,366,914	16.98%
2024	914,950	904,483	10,467	5,609,629	16.12%
2023	731,346	731,890	(544)	5,441,940	13.45%
2022	824,146	822,776	1,370	5,077,890	16.20%
2021	757,552	786,782	(29,230)	4,729,520	16.64%
2020	774,891	745,042	29,849	4,429,931	16.82%
2019	852,552	752,407	100,145	3,985,148	18.88%
2018	822,316	861,267	(38,951)	3,588,614	24.00%
2017	778,361	793,327	(14,966)	3,305,528	24.00%
2016	809,145	887,944	(78,799)	3,245,125	27.36%

Notes to Schedule:

Valuation Date: 10/1/2024
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal cost
Amortization Method: Unfunded actuarial accrued liability will be combined into a single 15-year amortization base and all future bases will be amortized over 15 years.
Asset Valuation Method: Historic geometric 4-year average market value return
Inflation: 2.50%
Salary Increases: Service Based, 4.0%-7.5%
Discount Rate: 7.40%
Investment Rate of Return: 7.40%, compounded annually, net of investment related expenses
Mortality: Healthy Active Lives:
Female: PubMP-2021 for Employees.
Male: PubMP-2021 for Employees, set back one year.
Healthy Retiree Lives:
Female: PubMP-2021 for Healthy Retirees.
Male: PubMP-2021 for Healthy Retirees, set back one year.
Beneficiary Lives:
Female: PubMP-2021 for Healthy Retirees.
Male: PubMP-2021 for Healthy Retirees, set back one year.
Disabled Lives:
PubMP-2021 for Disabled Retirees, set forward four years.
Retirement Age: Attainment of age 55 and completion of 10 years of service
Disability Rate Table:

Age	% Becoming Disabled During the Year
20	0.020%
30	0.027%
40	0.047%
50	0.120%
60	0.600%

Termination Rate Table:

Years of Service	Termination Probability	Years of Service	Termination Probability
0	15.00%	10	8.00%
1	14.00%	11	7.00%
2	13.00%	12	6.00%
3	12.00%	13	5.00%
4	11.00%	14	4.00%
5	10.00%	15	3.00%
6	7.00%	16+	2.00%
7-9	4.00%		

**CITY OF LYNN HAVEN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
 SEPTEMBER 30, 2025**

For the Year Ending September 30,	Police Plan	Fire Plan	General Employees Plan
2025	11.80%	11.02%	12.09%
2024	24.28%	20.53%	23.74%
2023	11.27%	10.64%	11.08%
2022	-13.66%	-12.84%	-14.96%
2021	21.34%	19.34%	20.50%
2020	18.09%	9.82%	8.28%
2019	4.01%	4.28%	3.18%
2018	5.49%	8.63%	5.87%
2017	9.47%	12.17%	9.56%
2016	9.07%	4.98%	9.13%

**CITY OF LYNN HAVEN, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>Impact Fees</u>	<u>Formerly Major American Rescue Plan Act</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Equity in pooled cash and cash equivalents	\$ 2,371,975	\$ 29,361	\$ 18,495	\$ 2,419,831
Total assets	<u>\$ 2,371,975</u>	<u>\$ 29,361</u>	<u>\$ 18,495</u>	<u>\$ 2,419,831</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Capital expansion	2,371,975		-	2,371,975
Debt service	-	-	18,495	18,495
Assigned to:				
ARPA future projects	-	29,361	-	29,361
Total fund balances	<u>2,371,975</u>	<u>29,361</u>	<u>18,495</u>	<u>2,419,831</u>
Total liabilities and fund balances	<u>\$ 2,371,975</u>	<u>\$ 29,361</u>	<u>\$ 18,495</u>	<u>\$ 2,419,831</u>

**CITY OF LYNN HAVEN, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Impact Fees	Formerly Major American Rescue Plan Act	Debt Service	Total Nonmajor Governmental Funds
Revenues				
Permits and fees	\$ 37,243	\$ -	\$ -	\$ 37,243
Investment income	137,616	54,554	803	192,973
Total revenues	<u>174,859</u>	<u>54,554</u>	<u>803</u>	<u>230,216</u>
Expenditures				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>174,859</u>	<u>54,554</u>	<u>803</u>	<u>230,216</u>
Other financing sources (uses)				
Transfers out	<u>(927,803)</u>	<u>(5,033,848)</u>	-	<u>(5,961,651)</u>
Total other financing sources (uses)	<u>(927,803)</u>	<u>(5,033,848)</u>	-	<u>(5,961,651)</u>
Net change in fund balances	<u>(752,944)</u>	<u>(4,979,294)</u>	<u>803</u>	<u>(5,731,435)</u>
Fund balance, beginning of year, as previously reported	3,124,919	-	17,692	3,142,611
Change within financial reporting entity (major to nonmajor fund)	-	5,008,655	-	5,008,655
Fund balance, beginning of year, as restated	<u>3,124,919</u>	<u>5,008,655</u>	<u>17,692</u>	<u>8,151,266</u>
Fund balance, end of year	<u>\$ 2,371,975</u>	<u>\$ 29,361</u>	<u>\$ 18,495</u>	<u>\$ 2,419,831</u>

CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ 224,421	\$ 41,533	\$ 37,243	\$ (4,290)
Investment income	2,264	145,227	137,616	(7,611)
Total revenues	<u>226,685</u>	<u>186,760</u>	<u>174,859</u>	<u>(11,901)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(721,600)	(1,050,416)	(927,803)	122,613
Proceeds from sale of capital assets	-	-	-	-
Issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	<u>(721,600)</u>	<u>(1,050,416)</u>	<u>(927,803)</u>	<u>122,613</u>
Net change in fund balances	<u>(494,915)</u>	<u>(863,656)</u>	<u>(752,944)</u>	<u>110,712</u>
Fund balances, beginning of year	3,124,919	3,124,919	3,124,919	-
Fund balances, end of year	<u><u>\$ 2,630,004</u></u>	<u><u>\$ 2,261,263</u></u>	<u><u>\$ 2,371,975</u></u>	<u><u>\$ 110,712</u></u>

CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO THE *DEEPWATER HORIZON* OIL SPILL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Source	Amount Received in the 2024-2025 Fiscal Year	Amount Expended in the 2024-2025 Fiscal Year
Florida Department of Environmental Protection		
Restoration Deepwater Horizon Oil Spill	273,233	257,016

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

**CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Federal/State Agency / Pass-Through Entity / Federal Program / State Project	ALN/ CSFA Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
Department of Housing and Urban Development			
Passed through Florida Department of Commerce:			
Community Development Block Grant Disaster Recovery	14.228	M0022	693,006
Community Development Block Grant Disaster Recovery	14.228	M0044	127,162
Community Development Block Grant Disaster Recovery	14.228	M0045	354,847
Community Development Block Grant Disaster Recovery	14.228	M0126	80,466
Community Development Block Grant Disaster Recovery	14.228	M0088	14,875
Community Development Block Grant Disaster Recovery	14.228	M0084	3,387
Community Development Block Grant Disaster Recovery	14.228	M0085	5,003
Community Development Block Grant Disaster Recovery	14.228	M0089	5,759
Community Development Block Grant Disaster Recovery	14.228	M0083	9,267
Community Development Block Grant Disaster Recovery	14.228	M0086	11,126
Community Development Block Grant Disaster Recovery	14.228	M0125	5,053
Total Community Development Block Grant Disaster Recovery			1,309,949
Total Department of Housing and Urban Development			1,309,949
Department of Transportation			
Passed through Florida Department of Transportation:			
Highway Planning and Construction	20.205	G2Q81	90,309
Total Department of Transportation			90,309
Department of Homeland Security			
Passed through Florida Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z0848	911,831
Hazard Mitigation Grant Program	97.039	H0635	44,626
Hazard Mitigation Grant Program	97.039	H0636	10,160
Hazard Mitigation Grant Program	97.039	H0661	15,008
Hazard Mitigation Grant Program	97.039	H0686	17,276
Hazard Mitigation Grant Program	97.039	H0722	27,801
Hazard Mitigation Grant Program	97.039	H0743	33,377
Hazard Mitigation Grant Program	97.039	H0755	15,158
Hazard Mitigation Grant Program	97.039	H0632	241,397
Total Hazard Mitigation Grant Program			404,803
Total Department of Homeland Security			1,316,634
TOTAL FEDERAL AWARDS			\$ 2,716,892
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Direct:			
Restoration Deepwater Horizon Oil Spill	37.081	OGC-113 / 59-6007353-005	257,016
Statewide Water Quality Restoration Projects	37.039	LPA0184 / 0220Y	131,542
Resilient Florida Program	37.098	22PLN29	82,700
Total Florida Department of Environmental Protection			471,258
Florida Department of Transportation			
Direct:			
Florida Highway Beautification Grant Program	55.003	G2U14	77,753
Local Transportation Projects	55.039	G2N28	893,783
Total Florida Department of Transportation			971,536
Florida Department of Law Enforcement			
Direct:			
FDLE Drone Replacement Program	71.092	3X125	48,457
FDLE Drone Replacement Program	71.092	3X126	24,230
Total FDLE Drone Replacement Program			72,687
State Assistance for Fentanyl Eradication (S.A.F.E.) in Florida	71.122	SF031 / 2023-SAFE-SF-031	10,617
Total Florida Department of Law Enforcement			83,304
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,526,098

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF LYNN HAVEN, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Lynn Haven, Florida (the City), and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate Election:**

The City did not elect to use the 15% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Subrecipients:**

The City did not pass any monies recognized on the Schedule to subrecipients.

(5) **Deferred FEMA Expenditures:**

During the fiscal year ended September 30, 2025, the City incurred substantial costs related to Hurricane Michael. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under ALN 97.036 are not to be recognized as expenditures for purposes of the Schedule of Expenditures of Federal Awards until the respective Project Worksheets (PW) have been approved. At September 30, 2025, only some of the City's PWs from these storms had been approved by FEMA. As a result, there are \$5,150,588 of expenditures and the related revenues which have been recorded for financial statement purposes and not on the Schedule of Expenditures of Federal Awards; these expenditures will be recognized on the Schedule of Expenditures of Federal Awards in future years once approved by FEMA.

(6) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all Project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**CITY OF LYNN HAVEN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

(7) Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes none reported

Auditee qualified as a low-risk auditee? yes no

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Identification of major Federal programs:

Assistance Listing Number	Program Name
97.036	Disaster Grants – Public Assistance
14.228	Community Development Block Grants

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance Chapter 10.550? _____ yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$457,829

Identification of major State projects:

<u>CSFA Number</u>	<u>Program Name</u>
55.039	Local Transportation Projects

B. Financial Statement Findings:

2025-001 Reconciliation of Account Balances, Audit Adjustments

Criteria: Internal controls over financial reporting should include timely year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

Condition: During the audit process, various journal entries were corrected to assist management in finalizing year-end balances in accordance with generally accepted accounting principles, including adjustments related to grant revenues and receivables, and resulting in changes in classification and presentation in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Cause: Certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries. We noted this to be largely due to the turnover of key personnel in prior years, along with prior year delays in submission of grant reimbursements and related accruals for grants. It was noted during the course of the audit, that the City made significant improvements to grant revenue and receivable reconciliations compared to prior year.

Effect: Financial statements would be materially misstated if significant adjustments were not made. Errors or improper classification of expenditures between grant contracts may not be detected on a timely basis if reconciliations are not performed timely.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles in addition to implementing a process which ensures grant activity is consistently captured and appropriately classified for reporting purposes.

C. **Federal Program Findings and Questioned Costs:** None.

D. **Summary Schedule of Prior Audit Findings:** See schedule of prior audit findings on page 83.

E. **Corrective Action Plan:** See Management's Response to findings on page 84.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and City Commission,
City of Lynn Haven, Florida:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Lynn Haven, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* and the requirements described in the Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2025. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

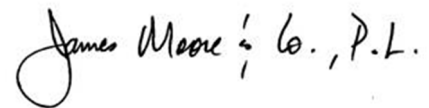
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Tallahassee, Florida
March 18, 2026

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

To the Honorable Mayor and City Commission,
City of Lynn Haven, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lynn Haven, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 18, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be significant deficiency.

Report on Compliance and Other Matters

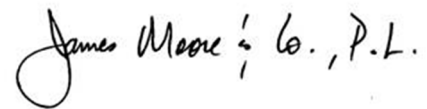
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Management'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 management's response to current year findings, as listed in the table of contents. 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.

James Moore & Co., P.L.

Tallahassee, Florida
March 18, 2026

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

To the Honorable Mayor and City Commission,
City of Lynn Haven, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Lynn Haven, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 18, 2026.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; 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 18, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Finding 2024-001 remains uncorrected from the second preceding audit. The following is a summary of prior year recommendations:

2024-001 Reconciliation of Account Balances and Audit Adjustments – Comment remains uncorrected from the third preceding audit; see repeat comment 2025-001.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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 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.

Property Assessed Clean Energy (PACE) Programs

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

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

Special District Component Units

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

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the City of Lynn Haven Community Redevelopment Agency (the CRA) have been reported in the separately-issued audited financial statements of each CRA.

Additional Matters

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

City's Response to Recommendations

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, City Commission, management, others within the City, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Tallahassee, Florida
March 18, 2026

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

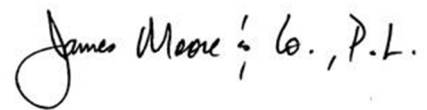
To the Honorable Mayor and City Commission,
City of Lynn Haven, Florida:

We have examined the City of Lynn Haven, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* and Section 288.8018, Florida Statutes, *Gulf Coast Audits* (the Statutes), for the year ended September 30, 2025. Management is responsible for the City's compliance with the Statute. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with the Statutes for the year ended September 30, 2025 and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance for evaluating the City's compliance with the Statutes for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance with the Statutes for the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks that the City was not in compliance with the Statutes in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City of Lynn Haven, Florida complied with the aforementioned requirements for the year ended September 30, 2025, , in all material respects.



Tallahassee, Florida
March 18, 2026



CITY OF LYNN HAVEN, FLORIDA

825 Ohio Avenue | Lynn Haven, FL 32444 | (850) 265-2121 | cityoflynnhaven.com

SCHEDULE OF PRIOR AUDIT FINDINGS

2024-001 Reconciliation of Account Balances and Audit Adjustments - Substantial progress has been made and this is no longer categorized as a “Material Weakness” but has been downgraded to a “Significant Deficiency”. See repeat comment 2025-001.



CITY OF LYNN HAVEN, FLORIDA

825 Ohio Avenue | Lynn Haven, FL 32444 | (850) 265-2121 | cityoflynnhaven.com

Management's Response to Findings

2025-001 Reconciliation of Account Balances and Audit Adjustments

The City has made substantial progress in addressing this matter.

The City agrees that further work is needed to ensure account balances are reconciled on a timely basis. An Assistant Finance Director was hired in the spring of 2025 to help with the additional workload which addresses this and other issues. A comprehensive Finance Department Policy and Procedures Manual has been written and approved by the City Commission. Additional financial software was purchased to help with capital assets reporting. The implementation transition has presented some unexpected challenges. The Senior Staff Accountant has focused on additional training on the best practices for optimizing capital assets reporting. The Finance team continues to work through complex accounting matters as a result of Hurricane Michael. The Director of Finance, Assistant Finance Director and Senior Staff Accountant will continue to work with the audit team to further develop procedures to assure compliance with generally accepted accounting principles.

Individual Responsible: Kiki Roman, Director of Finance and Treasury

Estimated Completion Date: September 30, 2026