

CITY OF NICEVILLE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2025



CITY OF NICEVILLE, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2025**

**Prepared By:
Finance Department**

**CITY OF NICEVILLE, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2025**

CITY COUNCIL 2024-2025

Cathy Alley

Heath Rominger

Bill Schaetzle

Doug Stauffer

Douglas Tolbert

CITY OFFICIALS

Mayor

Daniel Henkel

City Manager

David Deitch

City Clerk

Wendy Farmer

City Attorney

Steven K. Hall

Director of Public Works

Jonathan Laird

I. INTRODUCTORY SECTION

- **TABLE OF CONTENTS**
- **LETTER OF TRANSMITTAL**
- **GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**
- **ORGANIZATIONAL CHART**

**CITY OF NICEVILLE, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2025**

	<u>Page</u>
TITLE PAGE	
CITY OFFICIALS	
I. INTRODUCTORY SECTION	
Table of Contents	i
Letter of Transmittal - City Manager	iv
GFOA Certificate of Achievement	xvi
Organizational Chart	xvii
II. FINANCIAL SECTION	
Independent Auditors' Report	1
A. MANAGEMENT'S DISCUSSION AND ANALYSIS	4
B. BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	19
Fund Financial Statements	
<u>Governmental Funds</u>	
Balance Sheet	21
Reconciliation of the Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balance	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	24
<u>Proprietary Funds</u>	
Statement of Net Position	25
Statement of Revenues, Expenses and Changes in Net Position	27
Statement of Cash Flows	28
<u>Fiduciary Fund</u>	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to the Financial Statements	32

**CITY OF NICEVILLE, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2025**

	<u>Page</u>	<u>Schedule</u>
II. FINANCIAL SECTION – CONTINUED		
C. REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)		
Budgetary Comparison Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	66	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Community Redevelopment Agency Fund	67	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Discretionary Sales Tax Fund	68	
Notes to the Budgetary Comparison Schedules	69	
Pension Information		
Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System	70	
Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy	71	
Schedule of Contributions - Florida Retirement System	72	
Schedule of Contributions - Health Insurance Subsidy	73	
Other Post-Employment Benefits (OPEB) Information		
Schedule of Changes in Total OPEB Liability and Related Ratios	74	
III. STATISTICAL SECTION (UNAUDITED)		
Net Position by Component	75	1
Changes in Net Position	76	2
Fund Balances – Governmental Funds	78	3
Changes in Fund Balances – Governmental Funds	79	4
Assessed Value and Actual Value of Taxable Property	80	5
Property Tax Levies and Collections	81	6
Property Tax Rates – Direct and Overlapping Governments Per \$1,000 of Assessed Value	82	7
Direct and Overlapping Governmental Activities Debt	83	8
Ratios of Outstanding Debt by Type	84	9
Pledged Revenue Coverage	85	10
Principal Property Taxpayers	86	11
Demographic and Economic Statistics	87	12
Principal Employers	88	13
Operating Indicators by Function/Program	89	14
Full-Time Equivalent Employees by Function/Program	90	15
Capital Asset Statistics by Function/Program	91	16

**CITY OF NICEVILLE, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2025**

	<u>Page</u>
IV. COMPLIANCE SECTION	
Schedule of Expenditures of State Financial Assistance	92
Notes to the Schedule of Expenditures of State Financial Assistance	93
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 <i>Government Auditing Standards</i>	94
Independent Auditors' Report on Compliance for the Major State Project and Report on Internal Control over Compliance Required by Chapter 10.550, <i>Rules of the Florida Auditor General</i>	96
Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement	98
Schedule of Findings and Questioned Costs	100
Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, <i>Rules of the Florida Auditor General</i>	102
Management Letter	103

David Deitch
City Manager



208 N. Partin Drive
Niceville, Florida 32578
Office: (850) 729-4008
Fax: (850) 729-4013

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

The annual comprehensive financial report of the City of Niceville, Florida (the City) for the fiscal year ended September 30, 2025, is hereby submitted. Responsibility for both the data's accuracy and the presentation's completeness and fairness, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operation of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

CITY PROFILE

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

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

OKALOOSA COUNTY PROFILE

Niceville is located in Okaloosa County (the County), aptly named the “Playground of the Gulf Coast”, which is nestled in the central portion of the 100-mile long “Miracle Strip” area of the Northwest Florida Panhandle. A full palette of recreational activities are available including fishing, boating, swimming, sunning, sailing, sports, scuba diving or just relaxing.



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

The County encompasses an area of 1,082 square miles, including 152 square miles of inland waters, and has a total population of approximately 220,603. The incorporated City of Niceville has a population of 16,594. An estimated 34,000 people reside in the entire

Niceville area, which includes those living within City limits, plus people living in the nearby unincorporated areas within the 32578-zip code. The Eglin Military Reservation, which surrounds the City on three sides, is the world's largest air force installation. Its facilities, including undeveloped acreage, are located in the central and southern portions of the County.

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

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

OKALOOSA COUNTY HISTORY

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

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

CLIMATE

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

NICEVILLE AND VALPARAISO - HISTORY AND FACTS

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



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

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

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

REGIONAL AREAS OF INTEREST

Niceville is adjacent to Eglin Air Force Base (AFB), the world’s largest military reservation encompassing 724 square miles. Eglin AFB is a United States Air Force (USAF) base in the western Florida panhandle, located about three miles southwest of Valparaiso. The host unit at Eglin is the 96th Test Wing (formerly the 96th Air Base Wing). The 96th Test Wing is the test and evaluation center for Air Force air-delivered weapons, navigation and guidance systems, command and control systems, and Air Force Special Operations Command (AFSOC) systems. Eglin AFB was established 90 years ago in 1935 as the Valparaiso Bombing and Gunnery Base. It is named in honor of Lt. Col. Frederick Eglin (1891–1937), who was killed in a crash on a flight from Langley Field, Virginia to Maxwell Field, Alabama.

Eglin AFB is the County's largest employer, providing many high-paying munitions development and testing jobs. The military's total economic impact on the County is approximately \$10.1 billion annually. Numerous defense industry-affiliated personnel in the area provide high-tech intellectual skills for several businesses. Due to its proximity to Eglin AFB and the above-mentioned defense industry relationship, the City is only susceptible to mild economic recessions compared to other parts of the state and nation.

Located outside the City is the two-story, 116,000 square-foot Destin-Fort Walton Beach Airport. The Okaloosa County Airport System is comprised of a commercial service joint-use facility, the Destin-Fort Walton Beach Airport (VPS) and two general aviation airports, Bob Sikes Airport (CEW) AND Destin Executive Airport (DTS), which have a combined \$2.9 billion economic impact annually to the area. This represents a 67% increase over the estimated \$1.7 billion impact reported in a 2019 Florida Department of Transportation (FDOT) study. Airport activities in Okaloosa County are responsible for the creation of over 18,500 jobs and \$785 million in payroll annually that largely flows back into the local economy.

Passenger traffic has increased 41% from 2019 to 2022, and the airport now serves approximately 2 million passengers per year. On and off airport, military, and visitor spending impacts result in another \$1.1 billion each year, as the Destin-Fort Walton Beach Airport continues to serve as a conduit to and from some of the most beautiful beaches and the largest USAF installation in the world.

In November 2025, JetBlue announced new nonstop service to Florida's Emerald Coast, with flights to Destin-Fort Walton Beach Airport (VPS) starting in March 2026, connecting travelers to this in-demand destination on Florida's Panhandle. The addition of Destin-Fort Walton Beach Airport expands JetBlue's growing presence across the Sunshine State.

LABOR AND INDUSTRY

Niceville is best described as a "bedroom community". Attributes that make Niceville a wonderful place to live also make it a great place to do business. A diversity of hardworking, highly skilled, and educated Americans keep businesses thriving in the beautiful community. For two consecutive years, Niceville was ranked among the Top 10 safest cities in Florida by TravelSafe. In addition, the active and retired military personnel who live in this area positively stimulate the economy. Many residents have served our great nation worldwide and have chosen Niceville and Okaloosa County as the places they prefer to make their homes. Following are some pertinent details concerning labor opportunities for industry and the educational achievements of local schools.

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

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

Florida's Great Northwest, an independent nonprofit economic development corporation, is housed at the Niceville campus. The organization works to market and brand the 16-county Northwest Florida region as a globally competitive location for business. It works with regional partners to recruit new jobs and investment throughout Northwest Florida. It also works closely with local economic development groups and the local private industry council to provide customized training for new companies and in-house training for expanding firms.

With its proximity to Interstate 10 and excellent connections to secondary roads, the County is one day closer to most major markets than the rest of the State. It can provide 24-hour or same-day delivery to Southeastern markets. Deep-water ports of Pensacola, Panama City, and the Gulf Inter-coastal Waterway, along with barge traffic on the Apalachicola River, provide competitive, convenient, and economical access to regional markets.

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

EDUCATIONAL ACHIEVEMENTS

The City's schools are among the best in the high-performing Okaloosa County School District. Niceville High School (NHS) is consistently at the top in academics, athletics, and extracurricular activities. NHS administration, along with a staff of approximately 150, is successfully educating over 2,100 students every day. Accredited by the Southern Association of Colleges and Schools, NHS has been named a New American High School by the U. S. Department of Education, one of only 13 in the Nation to earn that honor.

NHS strives to meet the needs of its students by offering extensive courses in art, English, Family and Consumer Science, Foreign Language, Gifted Studies, Leadership, Math, Music, Physical Education, Reserve Officers' Training Corps (ROTC), Science, and Social Studies. It offers 21 Advanced Placement courses and ten courses through the Academic International Certificate of Education (AICE) Program from the University of Cambridge in Cambridge, England.

The Collegiate High School (CHS), located on the main Niceville campus of Northwest Florida State College (NWFSC), routinely ranks among the best high schools in the State of Florida. CHS opened in 2000 as a fully accredited school receiving accreditation from the Southern Association of Colleges and Schools and AdvancED, an international non-profit, non-governmental primary and secondary school-accrediting organization. CHS has consistently ranked in the top five percent of high schools in Florida on the U.S. Department of Education (DOE) school accountability report. Highly competitive, academically rigorous programs are provided for students interested in earning an associate degree while attending high school. An advanced program of study allows students to earn a traditional high school diploma and a two-year college degree simultaneously. College transfer credits earned at NWFSC are accepted at all public universities and colleges in Florida and nationwide. CHS provides a wide array of student activities with various clubs to meet the interests of a diverse student population.

Ruckel Middle School (RMS) is an "A" rated school that serves the Niceville area. RMS has been awarded the grade of "A" for 20 consecutive years. RMS promotes excellence in what has become known as the triple A's: academics, arts, and athletics. Academically, RMS regularly receives among the highest scores in the school district and State in reading, writing, math, and science. It also offers science, technology, engineering, and math (STEM) classes as elective courses in support of its academic mission. In the area of Arts, Ruckel offers Band, Chorus, Art, and Digital Photography, all of which are recognized at both the district and state level as award-winning programs.

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

Okaloosa Science, Technology, Engineering, Mathematics, Medical (STEMM) Academy, established in 2012, is a public middle school of choice committed to the mission of celebrating, challenging, developing, and inspiring our Nation's next generation of STEMM leaders. Okaloosa STEMM Academy is also a central hub for pre-kindergarten students with disabilities.

Niceville is also home to a private elementary school, Rocky Bayou Christian School. Rocky Bayou offers two campuses for pre-kindergarten through twelfth grade classes featuring an environment based on religious principles.

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



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

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



*Performing Arts Center at
Northwest Florida State College*

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

NICEVILLE YOUTH ADVISORY COUNCIL

The City of Niceville established a Youth Advisory Council in 2013, under the leadership of Councilman Sal Nodjoman, to provide a voice for youths in the City and establish a direct medium for civic involvement among this group. The award-winning Youth Advisory Council stays very active representing the diverse youth population in the City. The Council travels to Tallahassee each year to learn more about government at the state-level.

MAJOR INITIATIVES

Recreation Trails

Niceville’s Turkey Creek Nature Park has expanded and improved over the past 34 years. Since 1990, the City has added over 190 acres to the park, mostly through grants and donations, including three Florida Communities Trust (FCT) grants and two Florida Recreational Development Assistance Program (FRDAP) grants. These grants have funded improvements including a pavilion, a deck, and bridges across the 4,000 feet of elevated boardwalk along Turkey Creek. Additionally, partnership money from the U.S. Fish & Wildlife Service has partially paid for interpretative signage describing native flora and fauna along the boardwalk. Other grant-funded improvements include a canoe/kayak launch and recovery facility, a fishing platform, an access trail and observation deck, restroom facilities, driveway access from College Boulevard, additional parking, and landscaping improvements.



Turkey Creek Nature Trail

Recreation Facilities

The Youth Center caters to children who enjoy skateboarding and bicycling. It includes a concrete pad that has ramp equipment installed for the use of skating or bicycling. These are considered intermediate level ramps.



Youth Center Skate Park

Participants must be at least six years old. Young participants must be cautious while using ramps. Every participant must wear a helmet at all times. The area has lighting for dark hours of operation. The facility has restrooms and a snack room with vending options.

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

There are shaded canopies along with a water splash park to help children stay cool during the warm summer. Hundreds of guests visit and enjoy the park during an average week. Articles featuring the park have appeared in National Recreation and Park Association magazines and landscape architecture publications. This park has truly added to the quality of life in Niceville.

Niceville Library

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



The Library draws a constant stream of visitors daily while contributing to the overall beauty within the heart of the City. There are nearly 12,000 active cardholders and more than 70,000 items in the Library's collection. Over 226,000 items are circulated each year. An integral part of the Okaloosa County Public Library Cooperative, the Niceville Public Library is a valued intellectual resource for County residents.

Niceville Community Center

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



Lion's Park

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

Niceville Senior Center

The Niceville Senior Center opened in December 2018. The Senior Center empowers and enhances the lives of adults 55 and older through programs and caring services that promote wellness, social connection, support, nutrition, education, independence, activities, volunteerism, and fun.



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

porch with rocking chairs, a walking trail, pickleball and shuffleboard courts, exercise stations, and a putting green area.

DEPARTMENT FOCUS

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

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

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

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

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



Three historical markers were installed in the City's historic locations in 2022. The *Old Maritime City* historical marker commemorates Niceville as the center of the commercial fishing industry of the Choctawhatchee Bay region during the late 19th and early 20th centuries. The *Niceville Fire 1934* historical marker identifies the location where a crew of 200 CCC men teamed with the fire crews of the Choctawhatchee National Forest to extinguish a fire that destroyed several businesses and the post office in 1934.

The *Boggy Mill Company Site* historical marker demarcates where a sawmill was located on 40 acres on the east side of Boggy Bayou, which is present day Niceville. The Boggy Mill Company incorporated in 1908, creating local jobs in logging, turpentine, and shingle-getting. The company was purchased by J.P. Rawls in 1912 and later purchased by developer R.E.L. McCaskill.



FOR THE FUTURE

Plans for fiscal year 2026 include building a dock and pier at the Old Town Landing on Bayshore Drive. This project is being funded with Niceville Community Redevelopment Agency (CRA) tax increment dollars and the City's allocation of the County's tourist development taxes, as well as a state boating improvement grant.



***Old Town Dock and Pier Project
Construction Scheduled to start January 2026***



***Architect Rendering of Meigs Park
Playground Area***

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

Construction commenced in 2025 on a 3.5-mile re-use water pipeline to Deer Moss Creek using American Rescue Plan Act (ARPA) funds, matched by a grant from the Florida Department of Environmental Protection.

In fiscal year 2026, the City also plans to upgrade its aging water distribution system, with the help of a \$2 million State appropriation. Design and engineering will start on a new one-million-gallon elevated water storage tank and an additional well to better serve the City's growth.

Thanks to a \$396,800 Florida Defense infrastructure grant, the City will also complete the design and engineering of a new CAT 5 fire station, while another \$350,000 State appropriation will fund design of a relief project along Crossing Boulevard, which runs parallel to the busy John Sims Parkway.



OTHER INFORMATION

Cash Management

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

Budget Process

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

Independent Audit

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



Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Niceville for its annual comprehensive financial report for the fiscal year ended September 30, 2024. This was the 39th consecutive year that the City has received this recognition. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Sincerely,

David Deitch, City Manager
April 29, 2026



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Niceville
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Niceville, Florida
ORGANIZATIONAL CHART
Year Ended September 30, 2025



II. FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida (the City), as of and for the year ended September 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Rules of the Florida Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Fort Walton Beach, Florida

April 29, 2026

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

As management of the City of Niceville, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-xv of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$80.7 million (net position), which represents an increase of \$2.8 million from the prior fiscal year.
- Of the \$80.7 million of net position on September 30, 2025, \$58.4 million represents investments in capital assets (e.g., land, construction in progress, infrastructure, building, machinery and equipment) less any related debt used to acquire these assets that is still outstanding, \$14.3 million is restricted by external sources or enabling legislation, and \$8.0 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's governmental funds reported ending fund balance of \$8.9 million, which represents a \$309 thousand increase from the prior fiscal year. Ending fund balance of \$5.3 million is restricted for specific purposes, and \$3.6 million is assigned or unassigned and available for spending at the discretion of the City Council. Assigned and unassigned fund balances represent 15.1% of the total expenditures for the City's governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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

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

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

Fund Financial Statements

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

FUNDS

Governmental Funds

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

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

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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

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

Proprietary Funds

Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its utility operations (water operations and distribution, sewer collections and treatment), sanitation, and stormwater utility management operations.

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of individuals or private organizations. The City has a Scholarship Trust Fund that is used to account for resources held pursuant to the Katie W. Moody Estate and Will. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Found on pages 30 - 31 of this report are the fiduciary fund financial statements.

NOTES TO FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80.7 million (net position) on September 30, 2025, as reported in Table 1.

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

By far the largest portion of the City's net position, \$58.4 million (or 72.3%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

**TABLE 1
CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025 AND 2024
(In Thousands of Dollars*)**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 9,817	\$ 11,192	\$ 35,053	\$ 36,390	\$ 44,870	\$ 47,582
Capital assets	26,006	25,080	39,381	37,620	65,387	62,700
Total assets	<u>35,823</u>	<u>36,272</u>	<u>74,434</u>	<u>74,010</u>	<u>110,257</u>	<u>110,282</u>
Deferred outflows related to pensions	3,473	4,213	851	1,032	4,324	5,245
Deferred outflows related to OPEB	1,191	1,340	351	395	1,542	1,735
Deferred charges on refunding	-	-	131	148	131	148
Total deferred outflow of resources	<u>4,664</u>	<u>5,553</u>	<u>1,333</u>	<u>1,575</u>	<u>5,997</u>	<u>7,128</u>
Long-term liabilities outstanding	15,940	18,004	8,285	10,010	24,225	28,014
Other liabilities	2,083	3,416	4,879	5,360	6,962	8,776
Total liabilities	<u>18,023</u>	<u>21,420</u>	<u>13,164</u>	<u>15,370</u>	<u>31,187</u>	<u>36,790</u>
Deferred inflows related to pensions	2,049	1,083	502	265	2,551	1,348
Deferred inflows related to OPEB	1,388	1,082	410	319	1,798	1,401
Total deferred inflow of resources	<u>3,437</u>	<u>2,165</u>	<u>912</u>	<u>584</u>	<u>4,349</u>	<u>2,749</u>
Net position						
Net investment in capital assets	24,421	23,570	33,950	31,762	58,371	55,332
Restricted	5,267	4,413	9,081	8,564	14,348	12,977
Unrestricted	(10,661)	(9,743)	18,660	19,305	7,999	9,562
Total net position	<u>\$ 19,027</u>	<u>\$ 18,240</u>	<u>\$ 61,691</u>	<u>\$ 59,631</u>	<u>\$ 80,718</u>	<u>\$ 77,871</u>

**all dollar amounts rounded to the nearest thousand*

An additional portion of the City's net position, \$14.3 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$8.0 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was \$2.8 million during fiscal year 2025. The net position of governmental activities increased \$787 thousand, which is primarily attributable to an increase in transfers in from the business-type activities. The net position of business-type activities increased \$2.1 million primarily due to an increase in capital grants and contributions.

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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

**TABLE 2
CITY OF NICEVILLE, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues						
Charges for services	\$ 2,148,863	\$ 1,395,109	\$ 15,743,603	\$ 14,725,520	\$ 17,892,466	\$ 16,120,629
Operating grants and contributions	372,802	2,105,559	9,500	-	382,302	2,105,559
Capital grants and contributions	53,934	588,345	4,446,402	2,002,038	4,500,336	2,590,383
General revenues						
Property taxes	6,903,114	6,448,017	-	-	6,903,114	6,448,017
Other taxes	9,124,711	8,841,301	-	-	9,124,711	8,841,301
Other revenue	1,796,085	1,774,413	1,535,275	1,351,776	3,331,360	3,126,189
TOTAL REVENUES	20,399,509	21,152,744	21,734,780	18,079,334	42,134,289	39,232,078
EXPENSES						
Primary government						
General government	5,790,225	4,432,491	-	-	5,790,225	4,432,491
Public safety	8,971,227	8,460,996	-	-	8,971,227	8,460,996
Transportation	1,832,369	1,652,287	-	-	1,832,369	1,652,287
Internal services	900,297	1,088,789	-	-	900,297	1,088,789
Economic environment	249,871	1,015,460	-	-	249,871	1,015,460
Human services	28,113	105,230	-	-	28,113	105,230
Culture and recreation	4,404,144	4,534,452	-	-	4,404,144	4,534,452
Debt service interest	46,921	29,267	-	-	46,921	29,267
Business-type activities						
Water and sewer	-	-	11,869,536	9,480,549	11,869,536	9,480,549
Sanitation	-	-	4,343,853	4,185,000	4,343,853	4,185,000
Stormwater	-	-	851,346	868,600	851,346	868,600
TOTAL EXPENSES	22,223,167	21,318,972	17,064,735	14,534,149	39,287,902	35,853,121
Increase (decrease) in net position before transfers	(1,823,658)	(166,228)	4,670,045	3,545,185	2,846,387	3,378,957
Transfers	2,610,204	-	(2,610,204)	-	-	-
Increase (decrease) in net position	786,546	(166,228)	2,059,841	3,545,185	2,846,387	3,378,957
NET POSITION, BEGINNING	18,240,207	18,406,435	59,631,156	56,085,971	77,871,363	74,492,406
NET POSITION, ENDING	\$ 19,026,753	\$ 18,240,207	\$ 61,690,997	\$ 59,631,156	\$ 80,717,750	\$ 77,871,363

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

FINANCIAL IMPACTS

Normal Impacts

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

Revenues

- **Economic Condition:** This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas, or other tax revenue.
- **Council Approved Rate Adjustments:** While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, impact fees, recreation user fees, etc.).
- **Changing Patterns in Intergovernmental Grant Revenue (both recurring and non-recurring):** Certain recurring revenues (state revenue sharing) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and are often distorting in their impact on year-to-year comparisons.
- **Market Impacts on Investment Income:** The current market conditions have a significant influence on the City's investment income causing it to fluctuate greatly.

Expenses

- **Introduction of New Programs:** Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- **Authorized Position Adjustments:** Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent a large portion of the City's operating expenses.
- **Salary Adjustments:** The ability to attract and retain human and intellectual resources requires the City to strive for a competitive salary range position in the marketplace.
- **Inflation:** While overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil, and parts. Some fluctuations may experience commodity specific increases.

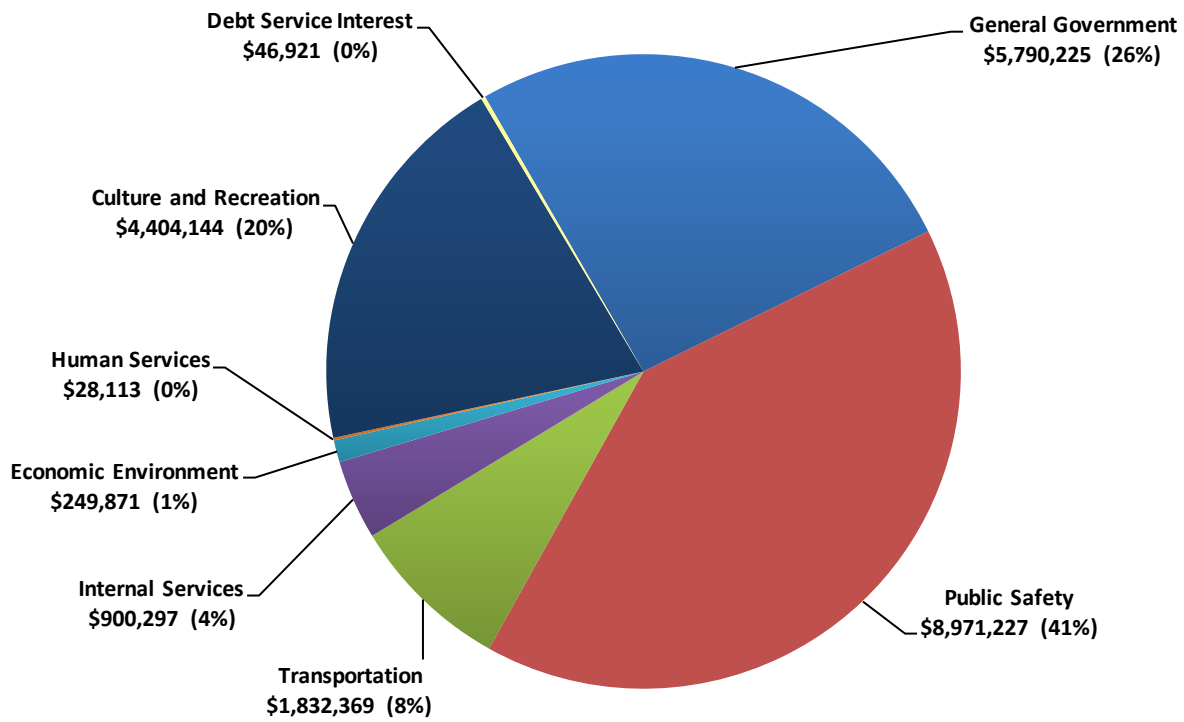
Current Year Impacts – Governmental Activities

- Operating grants and contributions decreased by \$1.7 million, or 82.3%, due to the City expending a significant amount of non-recurring grant funding in the prior fiscal year. Most notably, the American Rescue Plan Act (ARPA) and Community Development Block Grant (CDBG) awards.
- Charges for services increased by \$754 thousand, or 54.0%, which is primarily attributable to an interlocal agreement with another municipality to provide fire protection services for a significant portion of the year.

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

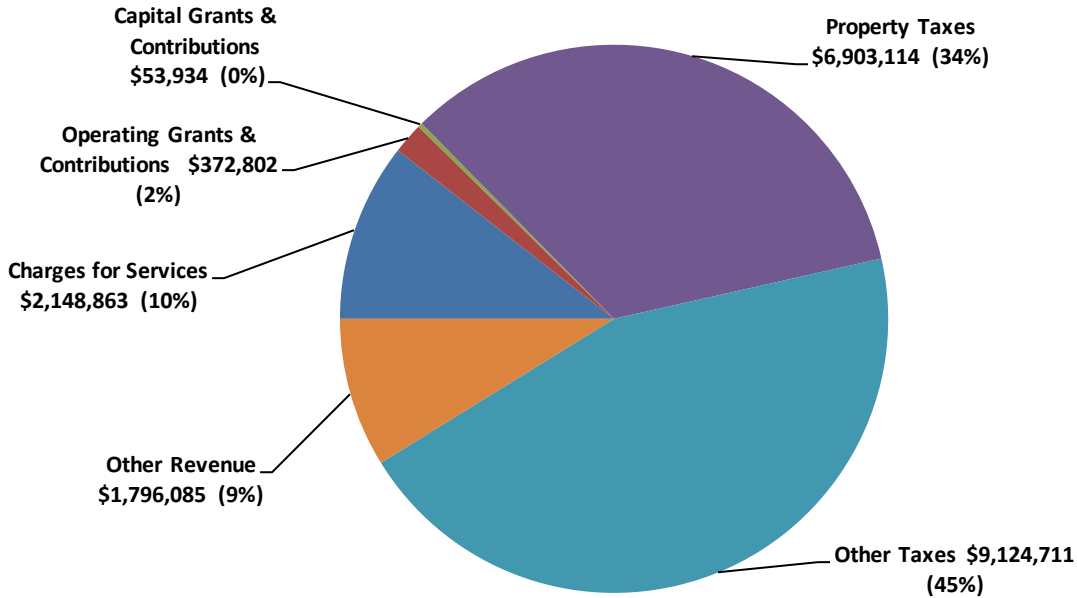
- General government expenses increased by \$1.4 million, or 30.6%, which is primarily attributable to an increase in payroll and related employee benefit costs, as well as an increase in expenses for computer-related maintenance and supplies.
- Economic environment expenses decreased by \$766 thousand, or 75.4%, which is primarily the result of the City expending non-recurring CDBG program funds for affordable housing projects in the prior fiscal year.

**Chart 1
Expenses by Function/Program – Governmental Activities**



**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

**Chart 2
Revenues by Source - Governmental Activities**

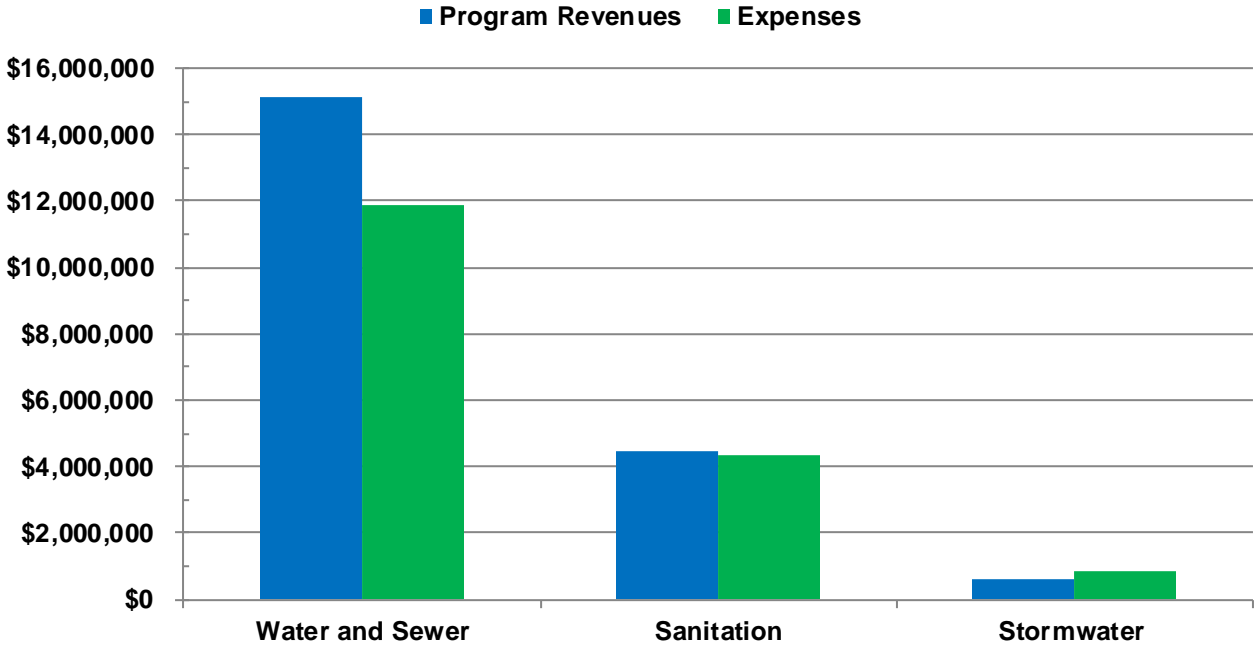


Current Year Impacts – Business-Type Activities

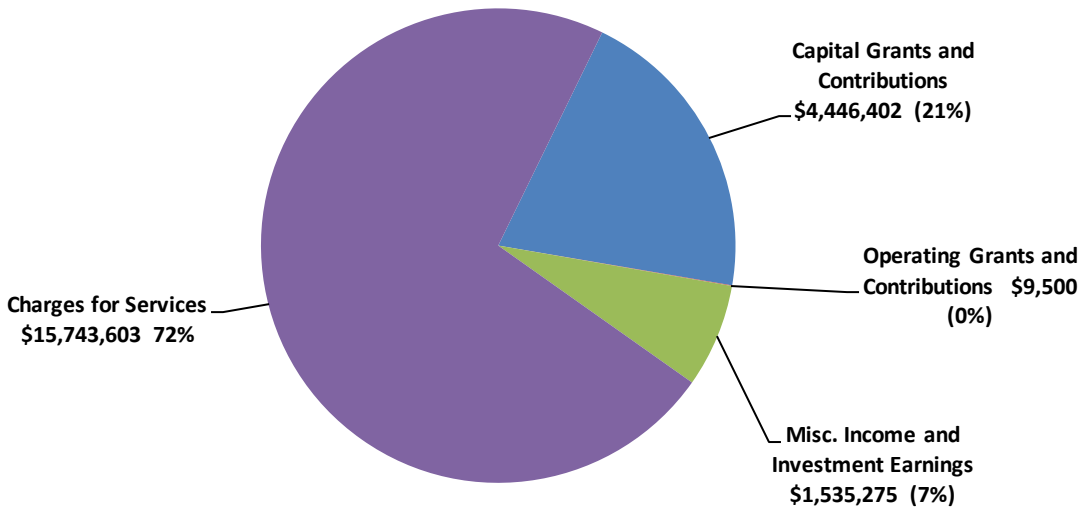
- Capital grants and contributions increased by \$2.4 million, or 122.1%, which is primarily attributable to expending grant funds to extend the reclaim water line to the Deer Moss Creek subdivision that was still ongoing at year-end.
- Charges for services increased by \$1.0 million, or 6.9%. This increase is primarily attributable to an increase in rates charged for water and sewer usage.
- Water and sewer operating expenses increased by \$1.8 million, or 40.6%, which is primarily attributable to maintenance and replacement of water meters City-wide, as well as an increase in sewer line maintenance costs.

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

**Chart 3
Expenses and Program Revenue – Business-Type Activities**



**Chart 4
Revenues by Source – Business-Type Activities**



**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of fiscal year 2025, the City's governmental funds reported ending fund balance of \$8.9 million, a \$309 thousand increase from the prior fiscal year. This increase is primarily attributable to a non-recurring transfer of \$2.6 million from the Water & Sewer Fund. Approximately \$4.1 million of fund balance constitutes assigned or unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance is classified between nonspendable and restricted, based on the level of constraints placed on those funds.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2025, assigned and unassigned fund balances of the General Fund were \$3.6 million, while total fund balance reached \$4.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total expenditures. Assigned and unassigned fund balance represents 17.5% of the total General Fund expenditures, while total fund balance represents 20.0% of that same amount.

During fiscal year 2025, the fund balance of the General Fund decreased by \$498 thousand. This decrease is primarily attributable to a \$2.1 million decline in intergovernmental revenues stemming from non-recurring grant awards expended in the prior year.

During fiscal year 2025, the fund balance of the Community Redevelopment Agency (the CRA) Fund increased by \$596 thousand. This increase was primarily driven by delays in the commencement of planned capital projects.

During fiscal year 2025, the fund balance of the Discretionary Sales Tax Fund increased by \$212 thousand. This increase was primarily attributable to delays in the commencement of planned capital projects as well as an increase in interest income.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds totaled \$18.7 million at the end of the fiscal year. Of that amount, the Water and Sewer Fund reported unrestricted net position of \$16.2 million, the Sanitation Fund totaled \$573 thousand, and the Stormwater Fund was \$1.9 million.

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Net position for proprietary funds increased \$2.1 million during the fiscal year. While the proprietary funds reported significant increases in operating revenues and capital grants and contributions, those increases were offset by a non-recurring transfer of \$2.6 million to the General Fund.

BUDGETARY HIGHLIGHTS

General Fund

- Two amendments were made to the originally adopted budget for 2025.
- Actual revenues fell short of budgetary expectations by \$2.7 million, or 13.4%, which is primarily attributable to delays in the commencement of cost-reimbursement projects from intergovernmental sources.
- Actual expenditures and other financing uses fell short of budgetary expectations by \$2.9 million, which is attributable to various factors, primarily, delays in the commencement of planned capital projects. Most notably, the Old Town Landing Project, for which construction did not begin until October 2025.

CAPITAL ASSET AND LONG-TERM DEBT OUTSTANDING

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$65.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, subscription assets, park facilities, roads and highways, etc. The total increase in the City's investment in capital assets for the current fiscal year was \$2.7 million and is summarized in Table 3 below.

**TABLE 3
CITY OF NICEVILLE, FLORIDA
CAPITAL ASSETS
(NET OF DEPRECIATION)
AS OF SEPTEMBER 30, 2025 AND 2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 8,318,257	\$ 8,318,257	\$ 2,931,453	\$ 2,931,453	\$ 11,249,710	\$ 11,249,710
Buildings	2,812,559	2,791,022	898,729	991,873	3,711,288	3,782,895
Improvements other than buildings	10,839,753	10,554,411	28,627,911	30,491,563	39,467,664	41,045,974
Infrastructure	452,118	578,174	-	-	452,118	578,174
Machinery and equipment	2,180,491	2,471,316	1,882,442	2,297,803	4,062,933	4,769,119
Subscription assets	1,004,386	290,845	-	-	1,004,386	290,845
Construction in progress	398,645	75,822	5,040,444	907,721	5,439,089	983,543
Total	\$ 26,006,209	\$ 25,079,847	\$ 39,380,979	\$ 37,620,413	\$ 65,387,188	\$ 62,700,260

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

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Long-Term Debt Outstanding

At the end of the current year, the City had long-term debt outstanding of \$6.8 million, which represents a decrease of \$631 thousand from the prior year. The City has no general obligation or special assessment debt. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts, greater than one year, the City is required to conduct a voter referendum process for approval of this type of debt. The City's outstanding long-term debt is summarized in Table 4 below.

**Table 4
City of Niceville, Florida
Long-Term Debt Outstanding
AS OF SEPTEMBER 30, 2025 AND 2024**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds	\$ 233,200	\$ 463,400	\$ 5,347,605	\$ 6,381,699	\$ 5,580,805	\$ 6,845,099
Commercial notes payable	-	63,000	-	-	-	63,000
State revolving fund loans	-	-	178,853	195,890	178,853	195,890
Financing contracts payable	-	38,000	-	-	-	38,000
Subscription liabilities	1,020,218	268,420	-	-	1,020,218	268,420
Total	\$ 1,253,418	\$ 832,820	\$ 5,526,458	\$ 6,577,589	\$ 6,779,876	\$ 7,410,409

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely upon property and a limited array of permitted other taxes (sales, gasoline, utility service taxes, etc.) and fees (franchise and occupational licenses) for their governmental activities. There is a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal governments, which provide funding for specific programs, projects or activities. For the business-type activities and certain governmental activities (permitting and recreational programs), the user pays a related fee or charge associated with the service.

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

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

**CITY OF NICEVILLE, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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

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

- The Consumer Price Index (CPI) is 2.7% higher than a year ago for the Southern Region. This indicator is a widely used gauge of inflation and translates into a higher cost of providing services to residents.
- The local unemployment rate was 4.1%, which represents an approximate 1.3% increase from September 2024. The State of Florida’s unemployment rate was 3.9%, which represents an approximate 0.6% increase from September 2024. The unemployment rate will impact the City’s fee and usage-based revenues and shared portions of the State of Florida’s usage-based taxes.
- The Florida Department of Revenue’s Office of Tax Research has updated its estimates of tax distributions the City is expected to receive for the upcoming fiscal year. The table below summarizes the fiscal year 2026 revenue estimates compared to the actual revenues reported for fiscal year 2025.

<u>Revenue Source</u>	<u>FY2026 Estimate</u>	<u>FY2025 Actual</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Municipal Revenue Sharing	\$ 855,759	\$ 863,321	\$ (7,562)	-0.9%
Half-Cent Sales Tax	1,876,618	1,895,074	(18,456)	-1.0%
Communications Service Tax	916,917	909,890	7,027	0.8%
Local Option Fuel Tax	422,644	417,374	5,270	1.3%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 208 North Partin Drive, Niceville, Florida 32578. The City can also be found online at www.niceville.org.

**CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Niceville- Valparaiso Regional Sewer Board, Inc.
ASSETS				
Cash	\$ 1,273,281	\$ 1,980,582	\$ 3,253,863	\$ 1,344,861
Investments	7,052,193	11,982,286	19,034,479	1,314,927
Receivables, net	433,031	1,261,835	1,694,866	423,572
Internal balances	16,034	(16,034)	-	-
Due from other governments	523,855	378,257	902,112	-
Prepaid items	10,549	-	10,549	-
Inventory, at cost	13,875	1,303,790	1,317,665	3,058
Restricted assets				
Cash	493,757	1,752,158	2,245,915	12,067
Investments	-	8,778,899	8,778,899	-
Capital assets				
Non-depreciable	8,716,902	7,971,897	16,688,799	686,801
Depreciable, net	17,289,307	31,409,082	48,698,389	6,091,692
Other assets				
Investment in component unit	-	7,630,875	7,630,875	-
TOTAL ASSETS	35,822,784	74,433,627	110,256,411	9,876,978
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	3,473,156	850,580	4,323,736	-
Deferred outflows related to OPEB	1,191,223	351,650	1,542,873	-
Deferred charges on refunding	-	131,334	131,334	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,664,379	1,333,564	5,997,943	-

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Niceville-Valparaiso Regional Sewer Board, Inc.
LIABILITIES				
Accounts payable	\$ 515,305	\$ 1,064,019	\$ 1,579,324	\$ 128,241
Accrued liabilities	392,203	127,360	519,563	10,332
Accrued interest payable	38,339	41,979	80,318	-
Unearned revenues	26,653	1,358,259	1,384,912	-
Payable from restricted assets				
Customer deposits	-	1,084,433	1,084,433	-
Non-current liabilities				
Amounts due within one year				
Compensated absences	647,690	142,179	789,869	36,492
Subscription liabilities	229,812	-	229,812	-
Financing contracts payable	-	-	-	-
Commercial notes payable	-	-	-	-
Revenue bonds payable	233,200	1,043,381	1,276,581	-
State revolving loans payable	-	17,559	17,559	-
Amounts due beyond one year				
Compensated absences	810,361	134,906	945,267	163,319
Subscription liabilities	790,406	-	790,406	-
Revenues bonds payable	-	4,304,224	4,304,224	-
State revolving loans payable	-	161,294	161,294	-
Total OPEB liability	3,445,817	1,017,207	4,463,024	-
Net pension liability	10,893,466	2,667,823	13,561,289	-
TOTAL LIABILITIES	18,023,252	13,164,623	31,187,875	338,384
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	2,049,365	501,893	2,551,258	-
Deferred inflows related to OPEB	1,387,793	409,678	1,797,471	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,437,158	911,571	4,348,729	-
NET POSITION				
Net investment in capital assets	24,420,696	33,949,632	58,370,328	6,758,674
Restricted				
Debt service	-	857,389	857,389	-
Capital expansion projects	426,980	8,224,021	8,651,001	-
Discretionary sales taxes	2,657,734	-	2,657,734	-
Redevelopment projects	2,115,111	-	2,115,111	-
Other	66,777	-	66,777	12,067
Unrestricted (deficit)	(10,660,545)	18,659,955	7,999,410	2,767,853
TOTAL NET POSITION	\$ 19,026,753	\$ 61,690,997	\$ 80,717,750	\$ 9,538,594

See notes to the financial statements.

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

Function/program activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Niceville- Valparaiso Regional Sewer Board, Inc.
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 5,790,225	\$ 753,125	\$ 44,791	\$ -	\$ (4,992,309)	\$ -	\$ (4,992,309)	
Public safety	8,971,227	1,065,692	103,135	53,934	(7,748,466)	-	(7,748,466)	
Transportation	1,832,369	121,817	-	-	(1,710,552)	-	(1,710,552)	
Internal services	900,297	-	-	-	(900,297)	-	(900,297)	
Economic environment	249,871	-	32,545	-	(217,326)	-	(217,326)	
Human services	28,113	-	-	-	(28,113)	-	(28,113)	
Culture and recreation	4,404,144	208,229	192,331	-	(4,003,584)	-	(4,003,584)	
Debt service interest	46,921	-	-	-	(46,921)	-	(46,921)	
Total governmental activities	<u>22,223,167</u>	<u>2,148,863</u>	<u>372,802</u>	<u>53,934</u>	<u>(19,647,568)</u>	<u>-</u>	<u>(19,647,568)</u>	
Business-type activities								
Water and sewer	11,869,536	10,706,753	-	4,426,991	-	3,264,208	3,264,208	
Sanitation	4,343,853	4,442,079	-	-	-	98,226	98,226	
Stormwater utility management	851,346	594,771	9,500	19,411	-	(227,664)	(227,664)	
Total business-type activities	<u>17,064,735</u>	<u>15,743,603</u>	<u>9,500</u>	<u>4,446,402</u>	<u>-</u>	<u>3,134,770</u>	<u>3,134,770</u>	
Total primary government	<u>\$ 39,287,902</u>	<u>\$ 17,892,466</u>	<u>\$ 382,302</u>	<u>\$ 4,500,336</u>	<u>(19,647,568)</u>	<u>3,134,770</u>	<u>(16,512,798)</u>	

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<u>Function/program activities</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u> <u>Niceville- Valparaiso Regional Sewer Board, Inc.</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Component Unit							
Niceville-Valparaiso Regional Sewer Board, Inc.	\$ 2,461,515	\$ 2,390,844	\$ -	\$ -			\$ (70,671)
General revenues							
Taxes							
Property taxes				\$ 6,903,114	\$ -	\$ 6,903,114	-
Utility service taxes				2,959,710	-	2,959,710	-
Other taxes				6,165,001	-	6,165,001	-
Intergovernmental				1,295,134	-	1,295,134	-
Miscellaneous				110,259	378,792	489,051	12,035
Interest and investment earnings				390,692	1,156,483	1,547,175	96,809
Transfers				2,610,204	(2,610,204)	-	-
Total general revenues and transfers				20,434,114	(1,074,929)	19,359,185	108,844
CHANGE IN NET POSITION				786,546	2,059,841	2,846,387	38,173
BEGINNING NET POSITION - AS PREVIOUSLY REPORTED				18,240,207	59,631,156	77,871,363	9,606,530
RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE				-	-	-	(106,109)
BEGINNING NET POSITION - AS RESTATED				18,240,207	59,631,156	77,871,363	9,500,421
ENDING NET POSITION				\$ 19,026,753	\$ 61,690,997	\$ 80,717,750	\$ 9,538,594

See notes to the financial statements.

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

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 835,915	\$ 857,517	\$ 73,606	\$ 1,767,038
Investments	3,188,806	1,257,685	2,605,702	7,052,193
Receivables, net	433,031	-	-	433,031
Due from other governments	309,201	-	214,654	523,855
Due from other funds	26,294	-	-	26,294
Inventory, at cost	13,875	-	-	13,875
Prepaid items	10,549	-	-	10,549
TOTAL ASSETS	<u>\$ 4,817,671</u>	<u>\$ 2,115,202</u>	<u>\$ 2,893,962</u>	<u>\$ 9,826,835</u>
LIABILITIES				
Accounts payable	\$ 278,986	\$ 91	\$ 236,228	\$ 515,305
Accrued wages payable	392,203	-	-	392,203
Due to other funds	10,260	-	-	10,260
Unearned revenues	26,653	-	-	26,653
TOTAL LIABILITIES	708,102	91	236,228	944,421
FUND BALANCE				
Nonspendable	24,424	-	-	24,424
Restricted	493,757	2,115,111	2,657,734	5,266,602
Assigned	594,711	-	-	594,711
Unassigned	2,996,677	-	-	2,996,677
TOTAL FUND BALANCE	<u>4,109,569</u>	<u>2,115,111</u>	<u>2,657,734</u>	<u>8,882,414</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,817,671</u>	<u>\$ 2,115,202</u>	<u>\$ 2,893,962</u>	<u>\$ 9,826,835</u>

See notes to the financial statements.

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

Fund balance, total governmental funds		\$ 8,882,414
--	--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental non-depreciable assets	\$ 8,716,902	
Governmental depreciable assets	47,300,040	
Less accumulated depreciation	<u>(30,010,733)</u>	26,006,209

Deferred inflows of resources and deferred outflows of resources related to pensions are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental funds.

Deferred outflows of resources related to pensions	3,473,156	
Deferred inflows of resources related to pensions	(2,049,365)	
Deferred outflows of resources related to OPEB	1,191,223	
Deferred inflows of resources related to OPEB	<u>(1,387,793)</u>	1,227,221

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.

Revenue bonds payable	(233,200)	
Subscription liabilities	(1,020,218)	
Accrued interest on long-term debt	(38,339)	
Compensated absences	(1,458,051)	
Total OPEB liability	(3,445,817)	
Net pension liability	<u>(10,893,466)</u>	<u>(17,089,091)</u>

Net position of governmental activities		<u><u>\$ 19,026,753</u></u>
---	--	-----------------------------

See notes to the financial statements.

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

	<u>General Fund</u>	<u>CRA Fund</u>	<u>Discretionary Sales Tax Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 9,299,979	\$ 430,172	\$ -	\$ 9,730,151
Licenses, fees, and permits	1,768,955	-	-	1,768,955
Intergovernmental	4,078,274	410,889	1,999,019	6,488,182
Charges for services	1,688,722	-	-	1,688,722
Fines	182,017	-	-	182,017
Miscellaneous	352,948	71,097	117,437	541,482
Total revenues	<u>17,370,895</u>	<u>912,158</u>	<u>2,116,456</u>	<u>20,399,509</u>
EXPENDITURES				
Current:				
General government	5,319,047	-	81,878	5,400,925
Public safety	8,324,723	-	73,576	8,398,299
Transportation	1,277,221	-	-	1,277,221
Internal service	866,041	-	-	866,041
Economic environment	33,349	216,946	-	250,295
Human services	28,113	-	-	28,113
Culture and recreation	3,752,067	-	-	3,752,067
Capital outlay	564,107	99,303	2,588,711	3,252,121
Debt service:				
Principal	373,526	-	148,165	521,691
Interest	13,030	-	8,494	21,524
Total expenditures	<u>20,551,224</u>	<u>316,249</u>	<u>2,900,824</u>	<u>23,768,297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,180,329)	595,909	(784,368)	(3,368,788)
OTHER FINANCING SOURCES				
Issuance of subscription liabilities	71,679	-	996,163	1,067,842
Transfers in	2,610,204	-	-	2,610,204
Total other financing sources	<u>2,681,883</u>	<u>-</u>	<u>996,163</u>	<u>3,678,046</u>
NET CHANGE IN FUND BALANCE	(498,446)	595,909	211,795	309,258
FUND BALANCE, BEGINNING	<u>4,608,015</u>	<u>1,519,202</u>	<u>2,445,939</u>	<u>8,573,156</u>
FUND BALANCE, ENDING	<u>\$ 4,109,569</u>	<u>\$ 2,115,111</u>	<u>\$ 2,657,734</u>	<u>\$ 8,882,414</u>

See notes to the financial statements.

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

Net change in fund balance – governmental funds \$ 309,258

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 3,252,121	
Less current year depreciation	<u>(2,160,371)</u>	1,091,750

Governmental funds do not report capital assets on the balance sheet; however, they are reported on the government-wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the statement of activities.

Disposals of capital assets	(373,124)	
Accumulated depreciation associated with disposals	207,736	
Transfers/adjustments of capital assets	(22,423)	
Accumulated depreciation associated with transfers/adjustments	22,423	
Liabilities extinguished upon early termination of SBITA's	<u>125,553</u>	(39,835)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments	521,691	
Issuance of subscription liabilities	<u>(1,067,842)</u>	(546,151)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in net pension liability and related deferred outflows and inflows	475,215	
Change in total OPEB liability and related deferred outflows and inflows	(85,921)	
Change in accrued interest on long-term debt	(25,397)	
Change in compensated absences	<u>(392,373)</u>	(28,476)

Change in net position of governmental activities		<u>\$ 786,546</u>
---	--	-------------------

See notes to the financial statements.

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

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
ASSETS				
Current assets				
Cash	\$ 741,476	\$ 597,166	\$ 641,940	\$ 1,980,582
Investments	9,917,638	801,598	1,263,050	11,982,286
Receivables, net	859,389	354,861	47,585	1,261,835
Due from other governments	378,257	-	-	378,257
Due from other funds	-	10,260	-	10,260
Prepaid items	-	-	-	-
Inventory, at cost	1,299,964	3,826	-	1,303,790
Total current assets	13,196,724	1,767,711	1,952,575	16,917,010
Non-current assets				
Restricted assets				
Cash	1,748,347	-	3,811	1,752,158
Investments	8,778,899	-	-	8,778,899
Total restricted assets	10,527,246	-	3,811	10,531,057
Capital assets				
Non-depreciable	6,672,167	-	1,299,730	7,971,897
Depreciable, net	25,009,102	276,585	6,123,395	31,409,082
Total capital assets	31,681,269	276,585	7,423,125	39,380,979
Other assets				
Investment in component unit	7,630,875	-	-	7,630,875
Total non-current assets	49,839,390	276,585	7,426,936	57,542,911
TOTAL ASSETS	63,036,114	2,044,296	9,379,511	74,459,921
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	617,787	232,793	-	850,580
Deferred outflows related to OPEB	259,408	92,242	-	351,650
Deferred charges on refunding	131,334	-	-	131,334
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,008,529	325,035	-	1,333,564

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION – CONTINUED
 SEPTEMBER 30, 2025**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 828,717	\$ 220,140	\$ 15,162	\$ 1,064,019
Accrued liabilities				
Compensated absences	122,541	19,638	-	142,179
Interest	41,979	-	-	41,979
Wages	83,097	33,004	-	116,101
Other	11,259	-	-	11,259
Due to other funds	-	-	26,294	26,294
Unearned revenues	1,358,259	-	-	1,358,259
Revenue bonds payable	1,043,381	-	-	1,043,381
State revolving fund loan payable	-	-	17,559	17,559
Payable from restricted assets				
Customer deposits	1,084,433	-	-	1,084,433
Total current liabilities	4,573,666	272,782	59,015	4,905,463
Non-current liabilities				
Compensated absences	129,704	5,202	-	134,906
Revenue bonds payable, net	4,304,224	-	-	4,304,224
State revolving fund loans payable, net	-	-	161,294	161,294
Net pension liability	1,937,671	730,152	-	2,667,823
Total OPEB liability	750,383	266,824	-	1,017,207
Total non-current liabilities	7,121,982	1,002,178	161,294	8,285,454
TOTAL LIABILITIES	11,695,648	1,274,960	220,309	13,190,917
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	364,531	137,362	-	501,893
Deferred inflows related to OPEB	302,215	107,463	-	409,678
TOTAL DEFERRED INFLOWS OF RESOURCES	666,746	244,825	-	911,571
NET POSITION				
Net investment in capital assets	26,432,194	276,585	7,240,853	33,949,632
Restricted				
Debt service	853,578	-	3,811	857,389
Capital system expansion	8,224,021	-	-	8,224,021
Unrestricted	16,172,456	572,961	1,914,538	18,659,955
TOTAL NET POSITION	\$ 51,682,249	\$ 849,546	\$ 9,159,202	\$ 61,690,997

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
REVENUES				
Charges for services	\$ 10,706,753	\$ 4,442,079	\$ 594,771	\$ 15,743,603
OPERATING EXPENSES				
Personnel	2,999,245	1,089,794	-	4,089,039
Operating	6,193,884	3,105,377	258,601	9,557,862
Depreciation	2,527,839	148,682	586,917	3,263,438
Total operating expenses	<u>11,720,968</u>	<u>4,343,853</u>	<u>845,518</u>	<u>16,910,339</u>
OPERATING INCOME (LOSS)	(1,014,215)	98,226	(250,747)	(1,166,736)
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(102,218)	-	(5,828)	(108,046)
Interest income	1,051,653	35,155	69,675	1,156,483
Equity losses in component unit	(46,350)	-	-	(46,350)
Intergovernmental	-	-	9,500	9,500
Miscellaneous	251,293	127,229	270	378,792
Total non-operating revenues (expenses)	<u>1,154,378</u>	<u>162,384</u>	<u>73,617</u>	<u>1,390,379</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS				
	140,163	260,610	(177,130)	223,643
Capital contributions - impact fees	606,158	-	19,411	625,569
Capital grants	3,820,833	-	-	3,820,833
Transfers out	(2,610,204)	-	-	(2,610,204)
Total capital contributions and transfers	<u>1,816,787</u>	<u>-</u>	<u>19,411</u>	<u>1,836,198</u>
CHANGE IN NET POSITION	1,956,950	260,610	(157,719)	2,059,841
NET POSITION AT BEGINNING OF YEAR	<u>49,725,299</u>	<u>588,936</u>	<u>9,316,921</u>	<u>59,631,156</u>
NET POSITION AT END OF YEAR	<u>\$ 51,682,249</u>	<u>\$ 849,546</u>	<u>\$ 9,159,202</u>	<u>\$ 61,690,997</u>

See notes to the financial statements.

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

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 10,781,547	\$ 4,424,920	\$ 593,355	\$ 15,799,822
Payments to suppliers	(6,220,429)	(3,099,932)	(320,641)	(9,641,002)
Payments to employees	(2,992,876)	(1,100,697)	-	(4,093,573)
Miscellaneous income	251,293	127,229	270	378,792
Net cash provided by operating activities	1,819,535	351,520	272,984	2,444,039
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Proceeds from non-capital grants	-	-	9,500	9,500
Interfund activity	(1,483,052)	-	-	(1,483,052)
Net cash used in non-capital financing activities	(1,483,052)	-	9,500	(1,473,552)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(4,744,050)	-	(279,954)	(5,024,004)
Proceeds from capital grants	1,651,573	-	32,887	1,684,460
Proceeds from impact fees	606,158	-	19,411	625,569
Principal paid on state revolving fund loans	-	-	(17,037)	(17,037)
Principal paid on revenue bonds	(1,034,094)	-	-	(1,034,094)
Interest paid on long-term debt	(93,918)	-	(5,828)	(99,746)
Net cash provided by (used in) capital and related financing activities	(3,614,331)	-	(250,521)	(3,864,852)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income	1,051,653	35,155	69,675	1,156,483
Proceeds from sale or maturity of investments	6,141,444	-	-	6,141,444
Purchases of investments	(5,197,310)	(801,598)	(54,946)	(6,053,854)
Net cash provided by (used in) investing activities	1,995,787	(766,443)	14,729	1,244,073
NET CHANGE IN CASH	(1,282,061)	(414,923)	46,692	(1,650,292)
CASH - BEGINNING OF YEAR	3,771,884	1,012,089	599,059	5,383,032
CASH - END OF YEAR	<u>\$ 2,489,823</u>	<u>\$ 597,166</u>	<u>\$ 645,751</u>	<u>\$ 3,732,740</u>

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS – CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
CASH AT END OF YEAR CONSISTS OF				
Current assets	\$ 741,476	\$ 597,166	\$ 641,940	\$ 1,980,582
Restricted assets	1,748,347	-	3,811	1,752,158
Total cash	<u>\$ 2,489,823</u>	<u>\$ 597,166</u>	<u>\$ 645,751</u>	<u>\$ 3,732,740</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,014,215)	\$ 98,226	\$ (250,747)	\$ (1,166,736)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	2,527,839	148,682	586,917	3,263,438
Miscellaneous revenue	251,293	127,229	270	378,792
Bad debt	20,040	11,136	1,316	32,492
Change in assets and liabilities				
Accounts receivable	(41,241)	(28,295)	(2,732)	(72,268)
Inventory	(71,181)	2,265	-	(68,916)
Accounts payable and accrued expenses	44,636	3,180	(62,040)	(14,224)
Accrued wages	8,088	10,678	-	18,766
Customer deposits	95,995	-	-	95,995
Compensated absences	64,260	3,093	-	67,353
Net pension liability	(388,313)	(145,550)	-	(533,863)
Total OPEB liability	(80,311)	(28,560)	-	(108,871)
Net change in deferred outflows/inflows - pension	303,622	114,226	-	417,848
Net change in deferred outflows/inflows - OPEB	99,023	35,210	-	134,233
Net cash provided by operating activities	<u>\$ 1,819,535</u>	<u>\$ 351,520</u>	<u>\$ 272,984</u>	<u>\$ 2,444,039</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS				
Equity losses in joint venture	<u>\$ (46,350)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,350)</u>
Debt-related amortization	<u>\$ 16,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,417</u>
Capital grants receivable	<u>\$ 378,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,257</u>

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025**

	Scholarship Trust Fund
ASSETS	
Cash	\$ 6,848
Investments	443,215
TOTAL ASSETS	<u>450,063</u>
NET POSITION	
Restricted for scholarship recipients	<u>\$ 450,063</u>

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Scholarship Trust Fund
ADDITIONS	
Investment earnings	\$ 18,555
DEDUCTIONS	
Administrative expenses	83
Scholarship benefits paid to individuals	15,005
TOTAL DEDUCTIONS	15,088
CHANGE IN FIDUCIARY NET POSITION	3,467
NET POSITION AT BEGINNING OF YEAR	446,596
NET POSITION AT END OF YEAR	\$ 450,063

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Reporting Entity

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

Niceville-Valparaiso Regional Sewer Board, Inc. (NVRSB) is a not-for-profit corporation organized to manage the operation and maintenance of a regional sewer system serving its original joint owners, the City of Niceville, Florida and the City of Valparaiso, Florida. The City of Niceville and Valparaiso are 80% and 20% owners, respectively. NVRSB's Board consists of four members; two appointed by each of the two participants. The Sewer Board is responsible for preparing and approving its own budget. The cost of operations, including additional equipment and inventory purchases, is accounted for, in total, on the books and financial statements of the NVRSB. The City of Niceville's 80% share of operating results of the NVRSB is reported in the City's Water and Sewer Enterprise Fund. The City's portion of the equity in the joint venture is \$7,630,875 as of September 30, 2025.

A financial benefit/burden relationship exists between the City of Niceville and the NVRSB. In addition, it is determined that the NVRSB has a fiscal dependency on the City. Therefore, the NVRSB is a component unit of the City, and accordingly the, NVRSB's June 30, 2025 year-end financial information has been presented within the government-wide financial statements as a discretely presented component unit.

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

As of September 30, 2025, the City also had a component unit, which has been presented in the financial statements of the primary government using the blended presentation method and is presented as a governmental fund type with a fiscal year-end of September 30. The Niceville Community Redevelopment Agency (the CRA) was established in 2012 pursuant to Chapter 163 Part III, Florida Statutes (the Community Redevelopment Act) to direct public revenues and programs to identified community areas for the enhancement and development of public infrastructure and facilities to simulate and support new private investment and development in economically underperforming areas of the City of Niceville (the City). All the City's Councilmembers serve as board members of the CRA. Therefore, the CRA's governing body is the same as the governing body of the City. The CRA functions as a department of the City. City management has operational and fiscal responsibility for the CRA's activities. The CRA has a separate standalone audit report that can be obtained by contacting the City's Finance Department, 208 North Partin Drive, Niceville, Florida 32578 or online at www.niceville.org.

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

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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

Measurement Focus and Basis of Accounting

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is 60 days.

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

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

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

The following is the current property tax calendar:

Property Tax Calendar

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

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

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2025 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Basis of Presentation

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes, as operating revenues, the portion of tap fees intended to recover the cost of connecting customers to the system.

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

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

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

Governmental

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

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

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Proprietary

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

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

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

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

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, individuals, and private organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The City has the following fiduciary fund, which is classified as a private-purpose trust fund:

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

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

Cash

Each fund's cash on hand and demand deposits are reported as cash. For purposes of these statements, short-term investments purchased within three months of maturity are also classified as cash.

Deposits and Investments

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Receivables and Payables

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

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

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

Inventory

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

Restricted Assets

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

Capital Assets

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

Land	All
Buildings and improvements	\$10,000
Infrastructure	\$10,000
Equipment, vehicles, computers	\$10,000
Subscription assets	\$10,000

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	15-50 Years
Improvements other than buildings	7-50 Years
System infrastructure	20-40 Years
Machinery and equipment	3-10 Years
Subscription assets	3-5 Years

Compensated Absences

The City records a compensated absences liability for leave that 1) can be carried forward to future reporting periods; 2) was earned based on service that the employee has already provided; and 3) is more likely than not to be used, paid, or otherwise settled with the City. The compensated absences liability is measured using the pay rates in effect as of the financial statement date, including directly and incrementally associated salary-related employer taxes and benefits. Changes to pay rates will be recognized in future periods as those changes occur. The City uses a first-in, first-out (FIFO) flow assumption for calculating the portion of the liability due within one year.

Subscription-Based Information Technology Arrangements (SBITA's)

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

Long-Term Obligations

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

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

Net Pension Liability

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

Deferred Outflows/Inflows of Resources

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

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

Classification of Fund Balance

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

Fund balance classifications are comprised of the following:

- *Nonspendable* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid items.
- *Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal action, Ordinance, of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally, which is an Ordinance, by the same level of decision-making authority (the City Council).
- *Assigned* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council has delegated authority for assigning fund balances to the City Manager.
- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

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

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

Net Position

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

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- *Restricted* – This component of net position consists of restricted assets, other than capital assets, reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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

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

Estimates

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

Change in Accounting Principle

Effective July 1, 2024, the City adopted the provisions of GASB Statement No. 101, *Compensated Absences* (GASBS 101). This pronouncement establishes a unified model for recognition and measurement of liabilities associated with compensated absences, including vacation, sick leave and other paid time off. GASBS 101 is expected to result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to different types of leave offered by governmental employers.

As part of the implementation process, the City has evaluated whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means by assessing relevant factors, such as the City's employment policies related to compensated absences; historical information about the use, payment, or forfeiture of compensated absences; and known information that would indicate that historical information may not be representative of future trends or patterns. GASBS 101 was retroactively implemented and had no effect on fund balance or net position previously presented.

Reclassifications

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

Subsequent Events

The City has evaluated events and transactions that occurred between September 30, 2025, and April 29, 2026, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Encumbrances

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

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

As of September 30, 2025, the value of the City's deposits was \$6,190,285, all of which was held by *Qualified Public Depositories*.

Investments

The types of allowable investments that can be made by the City are described in Note 1. As of September 30, 2025, the City's investments consist of brokerage accounts invested in U.S. Treasury securities with investment grade credit quality ratings ("Aa1" by Moody's) and participation in two intergovernmental investment pools.

Interest Rate Risk

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

As of September 30, 2025, the City held the following investments and related maturities:

	<u>Fair Value</u>	<u>INVESTMENT MATURITIES (YEARS)</u>		
		<u>< 1</u>	<u>1-5</u>	<u>5-10</u>
Investments subject to interest rate risk:				
U.S. Treasury bonds	207,844	\$ 207,844	\$ -	\$ -
Investments not subject to interest rate risk:				
External investment pools	28,048,749			
	<u>\$ 28,256,593</u>			

Intergovernmental Investment Pools

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

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

As of September 30, 2025, the City reported the following investments in external investment pools:

<u>Name of Investment Pool</u>	<u>Carrying Value</u>	<u>S&P Rating</u>	<u>Average Maturity (WAM)</u>
Florida PRIME	\$ 12,159,289	AAAm	47 days
FLSTAR Government Fund	15,889,460	AAAm	107 days
Total	<u>\$ 28,048,749</u>		

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

Concentration of Credit Risk

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

4. FAIR VALUE OF INVESTMENTS

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

- Level 1 – Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. The City had no Level 2 investments as of September 30, 2025.
- Level 3 – Unobservable inputs for an asset. The City had no Level 3 investments as of September 30, 2025.

The following table presents the investments reported at fair value as of September 30, 2025:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities:				
U.S. Treasury bonds	\$ 207,844	\$ 207,844	\$ -	\$ -
Total investments measured at fair value	207,844	<u>\$ 207,844</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost	28,048,749			
Total investments on September 30, 2025	<u>\$ 28,256,593</u>			

5. RECEIVABLES

Receivables on September 30, 2025, were as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			<u>Total</u>
	<u>General</u>	<u>Disc. Sales Tax</u>	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	
Accounts	\$ 426,598	\$ -	\$ 911,510	\$ 383,466	\$ 51,440	\$ 1,773,014
Interest	7,428	-	(1,688)	-	-	5,740
Less allowance for doubtful accounts	(995)	-	(50,433)	(28,605)	(3,855)	(83,888)
Receivables, net	433,031	-	859,389	354,861	47,585	1,694,866
Due from other governments	309,201	214,654	378,257	-	-	902,112
Total	<u>\$ 742,232</u>	<u>\$ 214,654</u>	<u>\$ 1,237,646</u>	<u>\$ 354,861</u>	<u>\$ 47,585</u>	<u>\$ 2,596,978</u>

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Due from Other Governments

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

Due from other governments within the Water and Sewer Fund was comprised of a cost-reimbursement grant passed through from the Florida Department of Environmental Protection to fund a portion of the costs for the reclaim water line extension.

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments / Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 8,318,257	\$ -	\$ -	\$ -	\$ 8,318,257
Construction in progress	75,822	395,846	-	(73,023)	398,645
Total capital assets not being depreciated	<u>8,394,079</u>	<u>395,846</u>	<u>-</u>	<u>(73,023)</u>	<u>8,716,902</u>
Capital assets being depreciated					
Buildings	6,795,835	167,885	-	57,751	7,021,471
Improvements other than buildings	18,672,859	1,097,561	-	(24,394)	19,746,026
Infrastructure	7,450,171	-	-	-	7,450,171
Machinery and equipment	11,360,041	508,602	(115,100)	17,243	11,770,786
Subscription assets	487,383	1,082,227	(258,024)	-	1,311,586
Total capital assets being depreciated	<u>44,766,289</u>	<u>2,856,275</u>	<u>(373,124)</u>	<u>50,600</u>	<u>47,300,040</u>
Less accumulated depreciation					
Buildings	(4,004,813)	(204,099)	-	-	(4,208,912)
Improvements other than buildings	(8,118,448)	(787,825)	-	-	(8,906,273)
Infrastructure	(6,871,997)	(126,056)	-	-	(6,998,053)
Machinery and equipment	(8,888,725)	(800,927)	76,934	22,423	(9,590,295)
Subscription assets	(196,538)	(241,464)	130,802	-	(307,200)
Total accumulated depreciation	<u>(28,080,521)</u>	<u>(2,160,371)</u>	<u>207,736</u>	<u>22,423</u>	<u>(30,010,733)</u>
Total capital assets being depreciated, net	<u>16,685,768</u>	<u>695,904</u>	<u>(165,388)</u>	<u>73,023</u>	<u>17,289,307</u>
Governmental activities, net	<u><u>\$ 25,079,847</u></u>	<u><u>\$ 1,091,750</u></u>	<u><u>\$ (165,388)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,006,209</u></u>

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments / Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 2,931,453	\$ -	\$ -	\$ -	\$ 2,931,453
Construction in progress	907,721	4,132,723	-	-	5,040,444
Total capital assets not being depreciated	<u>3,839,174</u>	<u>4,132,723</u>	<u>-</u>	<u>-</u>	<u>7,971,897</u>
Capital assets being depreciated					
Buildings	3,823,541	-	-	-	3,823,541
Improvements other than buildings	58,785,261	462,785	-	-	59,248,046
Machinery and equipment	8,365,412	428,496	(35,613)	22,423	8,780,718
Total capital assets being depreciated	<u>70,974,214</u>	<u>891,281</u>	<u>(35,613)</u>	<u>22,423</u>	<u>71,852,305</u>
Less accumulated depreciation					
Buildings	(2,831,668)	(93,144)	-	-	(2,924,812)
Improvements other than buildings	(28,293,698)	(2,326,437)	-	-	(30,620,135)
Machinery and equipment	(6,067,609)	(843,857)	35,613	(22,423)	(6,898,276)
Total accumulated depreciation	<u>(37,192,975)</u>	<u>(3,263,438)</u>	<u>35,613</u>	<u>(22,423)</u>	<u>(40,443,223)</u>
Total capital assets being depreciated, net	<u>33,781,239</u>	<u>(2,372,157)</u>	<u>-</u>	<u>-</u>	<u>31,409,082</u>
Business-type activities, net	<u><u>\$ 37,620,413</u></u>	<u><u>\$ 1,760,566</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,380,979</u></u>

Construction in Progress – Business-Type Activities

As of September 30, 2025, construction in progress for business-type activities was primarily comprised of a multi-year project to expand the regional reclaim water system to the Deer Moss Creek subdivision.

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

Governmental activities	
General government	\$ 309,546
Public safety	731,812
Transportation	538,375
Culture and recreation	580,638
Total depreciation expense – governmental activities	<u><u>\$ 2,160,371</u></u>
Business-type activities	
Water and sewer	\$ 2,527,839
Sanitation	148,682
Stormwater	586,917
Total depreciation expense – business-type activities	<u><u>\$ 3,263,438</u></u>

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

7. UNEARNED REVENUES

The composition of unearned revenues as of September 30, 2025, was as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Federal grant funding received in advance	\$ -	\$ 1,358,259	\$ 1,358,259
Business license taxes collected in advance	26,653	-	26,653
Total	<u>\$ 26,653</u>	<u>\$ 1,358,259</u>	<u>\$ 1,384,912</u>

The American Rescue Plan Act (ARPA) does not require unspent funds to be held in a separate bank account, and since the revenue is not earned, it is not a component of net position at either the fund or government-wide level. The terms of the grant require the funds to be expended by specific dates, and unspent grant funds are not typically considered restricted assets of the governmental unit. Therefore, the City has not reported the unspent proceeds as restricted assets as of September 30, 2025.

8. DEFERRED COMPENSATION PLAN

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

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

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

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

In accordance with GASB guidance, the assets and liabilities of the plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the plan. Employees made contributions to the plan of \$201,628 and the City made matching contributions of \$13,932 during fiscal year 2025. As of September 30, 2025, assets of the plan had a fair value of \$6,189,963.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM

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

The State of Florida issues a publicly available annual comprehensive financial report (ACFR) for the year ended June 30, 2025. The ACFR and the actuarial valuation reports referenced herein are available online at: [FRS.MyFlorida.com](https://www.frs.myflorida.com); or by contacting the Florida Division of Retirement, Department of Management Services, Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000.

FRS Plan

Plan Description

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

Benefits Provided

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

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

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

Contributions

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

	2025	2024	2023
Regular Class:	14.03%	13.63%	13.57%
Special Risk Class:	35.19%	32.79%	32.67%
Senior Management Class:	33.24%	34.52%	34.52%
DROP:	22.02%	21.13%	21.13%

These employer contribution rates include 2.00% for HIS Plan subsidies after July 1, 2023. The City's contributions to the FRS Plan totaled \$1,966,009, \$1,823,671, and \$1,520,800 for the fiscal years ended September 30, 2025, 2024, and 2023, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

As of September 30, 2025, the City reported a liability of \$10,054,344 for its proportionate share of the FRS Plan's net pension liability. The City's proportionate share of the net pension liability was based on the City's share of contributions to the FRS Plan relative to the contributions of all participating governments. On June 30, 2025, the City's proportionate share was 0.032396655%.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025.

For the fiscal year ended September 30, 2025, the City recognized pension expense of \$1,415,677. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,073,910	\$ -
Change of assumptions	1,167,571	-
Net difference between projected and actual earnings on pension plan investments	-	1,678,674
Changes in proportionate share of City's net pension liability and contributions	1,052,651	15,862
City pension plan contributions subsequent to the measurement date	488,463	-
	\$ 3,782,595	\$ 1,694,536

A component of deferred outflows of resources related to the pension plan of \$488,463 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other components reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending September 30:	Amount
2026	\$ 2,004,638
2027	72,873
2028	(202,179)
2029	(275,736)
	\$ 1,599,596

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Actuarial Assumptions

The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of a 2024 actuarial experience study for the period July 1, 2018 through June 30, 2023.

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.20%	3.20%	1.10%
Fixed income	29.00%	5.50%	5.40%	4.00%
Global equity	45.00%	8.50%	6.90%	18.30%
Real estate	12.00%	8.40%	7.10%	16.80%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	<u>2.00%</u>	6.50%	6.10%	8.70%
Total	<u><u>100.00%</u></u>			
Assumed inflation – mean			2.40%	1.50%

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

Discount Rate

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	\$ 19,731,496	\$ 10,054,344	\$ 1,941,161

Pension Plan Fiduciary Net Position

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

HIS Plan

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2025, the HIS plan contribution was 2.00%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$247,448, \$224,146, and \$179,983 for the fiscal years ended September 30, 2025, 2024, and 2023, respectively.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

As of September 30, 2025, the City reported a liability of \$3,506,945 for its proportionate share of the HIS Plan's net pension liability. On June 30, 2025, the City's proportionate share was 0.027360719%.

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended September 30, 2025, the City recognized pension expense of \$206,551. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,934	\$ 5,563
Change of assumptions	31,040	848,240
Net difference between projected and actual earnings on pension plan investments	-	2,919
Changes in proportionate share of City's net pension liability and contributions	429,379	-
City pension plan contributions subsequent to the measurement date	59,788	-
	\$ 541,141	\$ 856,722

A component of deferred outflows of resources related to the HIS Plan, totaling \$59,788 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending September 30:	Amount
2026	\$ (55,624)
2027	(101,452)
2028	(84,543)
2029	(76,803)
2030	(56,947)
	\$ (375,369)

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Actuarial Assumptions

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

Inflation		2.40%
Salary increases	3.50%, average, including inflation	
Investment rate of return		5.20%

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

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions used in the July 1, 2024, valuation were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate

The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower one percentage point higher than the current rate:

	<u>1% Decrease (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase (6.20%)</u>
City's proportionate share of the net pension liability	\$ 3,954,645	\$ 3,506,945	\$ 3,131,467

Pension Plan Fiduciary Net Position

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

Pension Expense

For the fiscal year ended September 30, 2025, the City recognized an aggregate pension expense of \$1,622,228 on all defined benefit pension plans.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

OPEB Plan

Plan Description

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

Plan Membership as of September 30, 2025

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

Total OPEB Liability

Benefits Provided

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

Actuarial Assumptions

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

Measurement date	September 30, 2025
Valuation date	October 1, 2023
	Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported.
Actuarial cost method	Individual Entry Age Normal

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Amortization method	Level dollar, open
Amortization period	Average remaining service life of actives and retirees
Asset valuation method	Fair value
Inflation	3.00% annually
Healthcare trend	Getzen model; initial trend of 5.50%
Salary increase	3.00% annually
Prior discount rate	3.81%
Discount rate	4.90% annually which is the Bond Buyer 20-Bond General Obligation Index. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.
Retirement age	Age 62 and 30 years of service, or for special risk employees age 55 and 25 years of service; or, for employees hired after July 1st, 2011, age 65 and 33 years of service, or for special risk employees age 60 and 30 years of service. Retirement is assumed to occur after 30 years of service, or initial eligibility if later.
Mortality	120% of Pub-2010 for general employees and healthy retirees with MP-2021 scale
Turnover	Age specific table with an average of 15% when applied to the active census.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2024	\$ 4,940,693	\$ -	\$ 4,940,693
Changes for the year:			
Service cost	88,408	-	88,408
Interest	189,924	-	189,924
Differences between expected and actual experience	15,204	-	15,204
Changes of assumptions	(713,599)	-	(713,599)
Benefit payments	(57,606)	-	(57,606)
Net changes	<u>(477,669)</u>	<u>-</u>	<u>(477,669)</u>
Balances at September 30, 2025	<u>\$ 4,463,024</u>	<u>\$ -</u>	<u>\$ 4,463,024</u>

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

	1% Decrease	Current Discount Rate	1% Increase
	3.90%	4.90%	5.90%
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 5,167,635	\$ 4,463,024	\$ 3,897,155

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

	1% Decrease	Current Healthcare Trend	1% Increase
	4.50%	5.50%	6.50%
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	\$ 3,886,492	\$ 4,463,024	\$ 5,180,527

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources

For the fiscal year ended September 30, 2025, the City recognized OPEB expense of \$168,889. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 578,886	\$ 235,971
Changes of assumptions	963,987	1,561,500
Total	\$ 1,542,873	\$ 1,797,471

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

Year ended September 30:

2026	\$ (109,444)
2027	(109,444)
2028	(109,444)
2029	(109,444)
2030	(175,294)
Thereafter	358,472
	\$ (254,598)

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

11. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2025, is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
<i>Direct borrowings</i>					
Financing contract - library generator	\$ 38,000	\$ -	\$ (38,000)	\$ -	\$ -
Commercial bank note - real property acquisition	63,000	-	(63,000)	-	-
Subscription liabilities	268,420	1,067,842	(316,044)	1,020,218	229,812
<i>Direct placements</i>					
Non-Ad Valorem Revenue Bonds, Series 2021A	104,000	-	(52,000)	52,000	52,000
Non-Ad Valorem Revenue Bonds, Series 2021B	174,000	-	(87,000)	87,000	87,000
<i>Other debt</i>					
Tax Increment Financing Revenue Bonds, Series 2019	185,400	-	(91,200)	94,200	94,200
Compensated absences ⁽¹⁾	1,065,678	392,373	-	1,458,051	647,690
Total governmental activities	\$ 1,898,498	\$ 1,460,215	\$ (647,244)	\$ 2,711,469	\$ 1,110,702
Business-type activities					
<i>Direct borrowings</i>					
Florida DEP State Revolving Loan, 2015	\$ 195,890	\$ -	\$ (17,037)	\$ 178,853	\$ 17,559
<i>Direct placements</i>					
Water and Sewer Revenue Refunding Bonds, Series 2021	6,381,699	-	(1,034,094)	5,347,605	1,043,381
Compensated absences ⁽¹⁾	209,732	67,353	-	277,085	142,179
Total business-type activities	\$ 6,787,321	\$ 67,353	\$ (1,051,131)	\$ 5,803,543	\$ 1,203,119

⁽¹⁾ Changes in compensated absences are reported on a net basis.

Description of Long-Term Debt Outstanding

In 2020, the City entered into a \$190,000 financing contract for the purchase and installation of a generator at the Niceville Public Library. The contract required interest at 1.95% per annum with annual payments of principal plus interest of \$38,000 through September 2025. The contract was secured by the generator. The contract was repaid in full during the year ended September 30, 2025.

In 2020, the City obtained a commercial bank note in the amount of \$315,000 to purchase two parcels of land on Armstrong Avenue for the Niceville Landing Project. The note required annual principal payments of \$63,000 and semi-annual interest payments at a fixed rate of 1.95% through September 2025. The note is secured by the real property acquired with the note proceeds. The note was repaid in full during the year ended September 30, 2025.

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

The City has entered into five subscription-based information technology arrangements (SBITAs) with various software vendors. The City's subscription liability is measured using the present value of subscription payments expected to be remitted to the vendors during the subscription terms, including options reasonably certain to be exercised. The agreements require annual aggregate base payments ranging from \$229,812 to \$284,200. The discount rate used to calculate the present value of the subscription payments was 4.60%, which is the City's estimated incremental borrowing rate for equipment, software, and similar assets. The carrying value of the related subscription assets can be found in Note 6. In the event of default, the vendors may revoke the City's licenses to use the underlying software. These agreements do not contain any subjective acceleration clauses.

Governmental Activities – Direct Placements

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

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

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

Governmental Activities – Other Debt

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

Business-Type Activities – Direct Borrowings

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Business-Type Activities – Direct Placements

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

Pledged Revenues

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2025. The table that follows reports the revenues, sometimes net of related operating expenses, pledged for each debt issuance, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of principal and interest on the debt at year end.

Governmental Activities						
Debt Outstanding	Pledged Revenue	Current Year Total Pledged Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Non-Ad Valorem Revenue Bonds Series 2021A	Non-ad valorem revenues	\$ 13,085,506	\$ 52,364	0.4%	\$ 53,092	2026
Non-Ad Valorem Revenue Bonds Series 2021B	Non-ad valorem revenues	\$ 13,085,506	\$ 88,418	0.7%	\$ 91,245	2026
Tax Increment Financing Revenue Bonds, Series 2019	Non-ad valorem revenues	\$ 13,085,506	\$ 95,391	0.7%	\$ 94,740	2026
Business-Type Activities						
Water & Sewer Revenue Refunding Bonds, Series 2021C	Water & sewer revenues	\$ 10,706,753	\$ 5,604,022	52.3%	\$ 1,128,012	2033

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave as of September 30, 2025, are as follows:

Governmental Activities

Year ending September 30	Revenue Bonds		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 233,200	\$ 2,973	\$ 229,812	\$ 47,763
2027	-	-	271,232	36,181
2028	-	-	284,200	23,213
2029	-	-	234,974	10,101
Total	<u>\$ 233,200</u>	<u>\$ 2,973</u>	<u>\$ 1,020,218</u>	<u>\$ 117,258</u>

Business-Type Activities

Year ending September 30	Revenue Bonds		State Revolving Loans	
	Principal	Interest	Principal	Interest
2026	\$ 1,043,381	\$ 77,586	\$ 17,559	\$ 5,306
2027	949,754	61,301	18,098	4,768
2028	916,857	46,609	18,652	4,213
2029	713,406	33,784	19,223	3,642
2030	726,020	22,454	19,812	3,053
2031-2034	998,187	14,683	85,509	5,951
Total	<u>\$ 5,347,605</u>	<u>\$ 256,417</u>	<u>\$ 178,853</u>	<u>\$ 26,933</u>

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2025, were as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Stormwater	<u>\$ 26,294</u>
Sanitation	General	<u>\$ 10,260</u>

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

The composition of interfund transfers for the year ended September 30, 2025, were as follows:

Interfund Transfers		
Transfer Out Fund	Transfer In Fund	Amount
Water and Sewer	Stormwater	\$ 2,610,204

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

13. RISK MANAGEMENT

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

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

14. ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2025, were \$84,211 in the General Fund and \$16,799 in the Discretionary Sales Tax Fund.

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

15. GOVERNMENTAL FUND BALANCES

As of September 30, 2025, the City's governmental fund balances were classified as follows:

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
Nonspendable				
Inventory	\$ 13,875	\$ -	\$ -	\$ 13,875
Prepaid items	10,549	-	-	10,549
Total nonspendable	<u>24,424</u>	<u>-</u>	<u>-</u>	<u>24,424</u>
Restricted for				
Capital expansion projects	426,980	-	-	426,980
Discretionary sales taxes	-	-	2,657,734	2,657,734
Law enforcement	44,440	-	-	44,440
Public safety initiatives	22,337	-	-	22,337
Redevelopment projects	-	2,115,111	-	2,115,111
Total restricted	<u>493,757</u>	<u>2,115,111</u>	<u>2,657,734</u>	<u>5,266,602</u>
Assigned for				
Capital projects and equipment	33,279	-	-	33,279
FY 2026 appropriations	561,432	-	-	561,432
Total assigned	<u>594,711</u>	<u>-</u>	<u>-</u>	<u>594,711</u>
Unassigned	<u>2,996,677</u>	<u>-</u>	<u>-</u>	<u>2,996,677</u>
	<u>\$ 4,109,569</u>	<u>\$ 2,115,111</u>	<u>\$ 2,657,734</u>	<u>\$ 8,882,414</u>

16. COMMITMENTS AND CONTINGENCIES

Grants

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Reclaimed Water

In October 2020, the City entered into an agreement with Okaloosa County to purchase capacity from its reclaimed water system. The County recently completed upgrades to its Arbennie Pritchett Water Reclamation Facility and is in the process of constructing an 11-mile pipeline transmission main, which has a hydraulic capacity of four million gallons per day. The City has committed to paying for a minimum of 800,000 gallons per day of annual average daily flow and the County commits to providing at least this amount at a rate of \$0.21 per thousand gallons. This rate is intended to recoup monthly operations and maintenance costs related to the reclaimed water system. The agreement has no stated end date, and any adjustments to the rate shall only be revised via a written amendment to the agreement.

Joint Park Improvement Project – Meigs Park

In January 2024, the City entered into an interlocal agreement with Okaloosa County, Florida (the County) to develop an Americans with Disabilities Act (ADA) park facility. The project shall consist of the design and construction of improvements within Meigs Park that may specifically serve special needs children, Special Olympics events, and other minor organized events. The City is responsible for the funding and construction of a bathroom facility, a perimeter fence, and parking at Meigs Park. Upon completion of the project, the City will also be responsible for operating and maintaining the park. The County's funding will be used for the design, engineering, and construction related to the installation of a combined volleyball and basketball court, a baseball diamond, and a playground structure.

Due to a funding gap between budgeted project costs and actual bids received from contractors, an amendment to the agreement was approved in February 2026, which provided for additional contingency fees to be paid by the City and County only to the extent those funds are necessary to complete the project. After the amendment, the \$3.4 million project will be funded as follows: \$1.25 million from a state grant; \$750,000 from the City's allocation of tourist development taxes; \$750,000 from the County; a contingency fee of up to \$300,00 from the City; and a contingency fee of up to \$350,000 from the County. Any expenditures to complete the project beyond the estimated \$3.4 million cost shall require mutual agreement of the parties for additional funding. All costs not covered by the state grant shall be evenly shared by the City and County. The project has not yet commenced as of September 30, 2025.

Old Town Landing Project

In August 2025, the City Council awarded a bid to perform Phase I construction services of the Old Town Landing Project to a commercial contractor for a total price of \$2,853,257. This phase of the project consists of constructing a 125-foot dock and pier. The project will be funded by tax increment revenues of the CRA as well as the City's allocation of tourist development taxes. Phase I is expected to be completed in Spring 2027.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 9,417,480	\$ 9,417,480	\$ 9,299,979	\$ (117,501)
Licenses, fees and permits	1,758,500	1,758,500	1,768,955	10,455
Intergovernmental	7,470,730	7,470,730	4,078,274	(3,392,456)
Charges for services	906,210	906,210	1,688,722	782,512
Fines	164,960	164,960	182,017	17,057
Miscellaneous	340,710	340,710	352,948	12,238
Total revenues	<u>20,058,590</u>	<u>20,058,590</u>	<u>17,370,895</u>	<u>(2,687,695)</u>
EXPENDITURES				
Current				
General government	4,979,920	4,990,080	5,319,047	(328,967)
Public safety	8,270,250	8,270,250	8,324,723	(54,473)
Transportation	1,498,970	1,498,970	1,277,221	221,749
Internal service	1,289,500	1,289,500	866,041	423,459
Economic environment	-	-	33,349	(33,349)
Human services	105,230	105,230	28,113	77,117
Culture and recreation	4,162,350	4,162,350	3,752,067	410,283
Capital outlay	965,400	1,020,400	564,107	456,293
Debt service				
Principal	394,200	394,200	373,526	20,674
Interest	13,400	13,400	13,030	370
Total expenditures	<u>21,679,220</u>	<u>21,744,380</u>	<u>20,551,224</u>	<u>1,193,156</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>(1,620,630)</u>	<u>(1,685,790)</u>	<u>(3,180,329)</u>	<u>(1,494,539)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of subscription liabilities	-	-	71,679	71,679
Transfers in	2,792,030	2,792,030	2,610,204	(181,826)
Transfers out	(1,730,690)	(1,730,690)	-	1,730,690
Total other financing sources (uses)	<u>1,061,340</u>	<u>1,061,340</u>	<u>2,681,883</u>	<u>1,620,543</u>
NET CHANGE IN FUND BALANCE	<u>(559,290)</u>	<u>(624,450)</u>	<u>(498,446)</u>	<u>126,004</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>559,290</u>	<u>624,450</u>	<u>4,608,015</u>	<u>3,983,565</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,109,569</u>	<u>\$ 4,109,569</u>

See notes to the budgetary comparison schedules.

**CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY REDEVELOPMENT AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 430,170	\$ 430,170	\$ 430,172	\$ 2
Intergovernmental	410,890	410,890	410,889	(1)
Miscellaneous	53,690	53,690	71,097	17,407
Total revenues	<u>894,750</u>	<u>894,750</u>	<u>912,158</u>	<u>17,408</u>
EXPENDITURES				
Current				
Economic environment	921,160	921,160	216,946	704,214
Capital outlay	3,305,000	3,305,000	99,303	3,205,697
Total expenditures	<u>4,226,160</u>	<u>4,226,160</u>	<u>316,249</u>	<u>3,909,911</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,331,410)</u>	<u>(3,331,410)</u>	<u>595,909</u>	<u>3,927,319</u>
OTHER FINANCING SOURCES				
Transfers in	1,730,690	1,730,690	-	(1,730,690)
NET CHANGE IN FUND BALANCE	(1,600,720)	(1,600,720)	595,909	2,196,629
FUND BALANCE AT BEGINNING OF YEAR	1,600,720	1,600,720	1,519,202	(81,518)
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,115,111</u>	<u>\$ 2,115,111</u>

See notes to the budgetary comparison schedules.

**CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DISCRETIONARY SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,851,480	\$ 1,851,480	\$ 1,999,019	\$ 147,539
Miscellaneous	99,870	99,870	117,437	17,567
Total revenues	<u>1,951,350</u>	<u>1,951,350</u>	<u>2,116,456</u>	<u>165,106</u>
EXPENDITURES				
Current				
General government	350,250	350,250	81,878	268,372
Public safety	-	-	73,576	(73,576)
Capital outlay	3,378,220	3,378,220	2,588,711	789,509
Debt service				
Principal	-	-	148,165	(148,165)
Interest	-	-	8,494	(8,494)
Total expenditures	<u>3,728,470</u>	<u>3,728,470</u>	<u>2,900,824</u>	<u>827,646</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(1,777,120)</u>	<u>(1,777,120)</u>	<u>(784,368)</u>	<u>992,752</u>
OTHER FINANCING SOURCES				
Issuance of subscription liabilities	-	-	996,163	996,163
NET CHANGE IN FUND BALANCE	(1,777,120)	(1,777,120)	211,795	1,988,915
FUND BALANCE AT BEGINNING OF YEAR	<u>1,777,120</u>	<u>1,777,120</u>	<u>2,445,939</u>	<u>668,819</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,657,734</u>	<u>\$ 2,657,734</u>

See notes to the budgetary comparison schedules.

**CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

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

Budget amounts reflected in the financial statements are originally adopted amounts as amended by the City Council by revision of fund totals. Two budget amendments were passed for the General Fund via ordinance during the fiscal year ended September 30, 2025. The amendments resulted in an increase of \$65,160 for total budgeted appropriations.

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.032396655%	0.031958456%	0.029341453%	0.026608069%	0.025454710%	0.025867958%	0.026268484%	0.024789488%	0.023997376%	0.022901996%
City's proportionate share of the net pension liability	\$ 10,054,344	\$ 12,363,034	\$ 11,691,640	\$ 9,900,340	\$ 1,922,814	\$ 11,211,554	\$ 9,046,500	\$ 7,466,722	\$ 7,098,263	\$ 5,782,772
City's covered payroll	\$ 12,227,000	\$ 11,044,900	\$ 10,006,386	\$ 9,058,436	\$ 8,376,564	\$ 7,854,292	\$ 7,649,639	\$ 7,040,335	\$ 6,536,239	\$ 6,199,965
City's proportionate share of the net pension liability as a percentage of its covered payroll	82.23%	111.93%	116.84%	109.29%	22.95%	142.74%	118.26%	106.06%	108.60%	93.27%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.027360719%	0.026091407%	0.025251052%	0.023672162%	0.022559865%	0.021877250%	0.021852314%	0.020670426%	0.019900400%	0.019153650%
City's proportionate share of the net pension liability	\$ 3,506,945	\$ 3,913,966	\$ 4,010,204	\$ 2,507,260	\$ 2,767,307	\$ 2,671,177	\$ 2,445,055	\$ 2,187,781	\$ 2,127,843	\$ 2,232,279
City's covered payroll	\$ 12,227,000	\$ 11,044,900	\$ 10,006,386	\$ 9,058,436	\$ 8,376,564	\$ 7,854,292	\$ 7,649,639	\$ 7,040,335	\$ 6,536,239	\$ 6,199,965
City's proportionate share of the net pension liability as a percentage of its covered payroll	28.68%	35.44%	40.08%	27.68%	33.04%	34.01%	31.96%	31.07%	32.55%	36.00%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,966,009	\$ 1,823,671	\$ 1,520,800	\$ 1,198,808	\$ 1,011,336	\$ 874,614	\$ 833,528	\$ 733,290	\$ 657,296	\$ 558,502
Contributions in relation to the contractually required contribution	(1,966,009)	(1,823,671)	(1,520,800)	(1,198,808)	(1,011,336)	(874,614)	(833,528)	(733,290)	(657,296)	(558,502)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 12,372,400	\$ 11,207,300	\$ 10,284,743	\$ 8,977,711	\$ 8,135,843	\$ 7,610,542	\$ 7,446,867	\$ 6,922,771	\$ 6,518,795	\$ 5,914,157
Contributions as a percentage of covered payroll	15.89%	16.27%	14.79%	13.35%	12.43%	11.49%	11.19%	10.59%	10.08%	9.44%

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 247,448	\$ 224,146	\$ 179,983	\$ 149,030	\$ 135,055	\$ 126,335	\$ 123,618	\$ 114,918	\$ 108,212	\$ 98,175
Contributions in relation to the contractually required contribution	(247,448)	(224,146)	(179,983)	(149,030)	(135,055)	(126,335)	(123,618)	(114,918)	(108,212)	(98,175)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 12,372,400	\$ 11,207,300	\$ 10,284,743	\$ 8,977,711	\$ 8,135,843	\$ 7,610,542	\$ 7,446,867	\$ 6,922,771	\$ 6,518,795	\$ 5,914,157
Contributions as a percentage of covered payroll	2.00%	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

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

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

Reporting Date	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 88,408	\$ 58,430	\$ 58,795	\$ 108,338	\$ 105,183	\$ 112,911	\$ 50,294	\$ 63,444
Interest	189,924	185,283	173,816	127,220	121,344	125,065	130,768	120,185
Difference between expected and actual experience	15,204	(11,861)	79,781	(357,460)	196,655	31,970	629,461	(46,702)
Changes in assumptions and other inputs *	(713,599)	262,521	(43,148)	(1,387,320)	55,865	574,192	798,250	(249,503)
Benefit payments	(57,606)	(54,603)	(62,694)	(59,426)	(54,109)	(51,288)	(66,806)	(63,323)
Net change in total OPEB liability	(477,669)	439,770	206,550	(1,568,648)	424,938	792,850	1,541,967	(175,899)
Total OPEB liability – beginning	4,940,693	4,500,923	4,294,373	5,863,021	5,438,083	4,645,233	3,103,266	3,279,165
Total OPEB liability – ending	<u>\$ 4,463,024</u>	<u>\$ 4,940,693</u>	<u>\$ 4,500,923</u>	<u>\$ 4,294,373</u>	<u>\$ 5,863,021</u>	<u>\$ 5,438,083</u>	<u>\$ 4,645,233</u>	<u>\$ 3,103,266</u>
Covered employee payroll	\$ 7,523,378	\$ 7,304,250	\$ 7,139,816	\$ 6,931,860	\$ 6,984,215	\$ 6,780,791	\$ 6,247,940	\$ 6,065,961
Total OPEB liability as a percentage of covered employee payroll	59.32%	67.64%	63.04%	61.95%	83.95%	80.20%	74.35%	51.16%

Notes:

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

2025: 4.90%
2024: 3.81%
2023: 4.09%
2022: 4.02%
2021: 2.15%
2020: 2.21%
2019: 2.66%

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

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

III. STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 14,363,252	\$ 15,207,976	\$ 15,728,306	\$ 15,439,953	\$ 15,924,538	\$ 17,552,162	\$ 18,707,674	\$ 22,493,005	\$ 23,569,910	\$ 24,420,696
Restricted	1,064,769	684,754	1,014,248	1,508,999	2,808,367	3,595,234	4,650,988	4,499,122	4,413,266	5,266,602
Unrestricted (deficit)	678,378	631,361	(3,518,005)	(4,808,216)	(4,699,469)	(5,240,953)	(5,951,354)	(8,585,692)	(9,742,969)	(10,660,545)
Total governmental activities net position	<u>\$ 16,106,399</u>	<u>\$ 16,524,091</u>	<u>\$ 13,224,549</u>	<u>\$ 12,140,736</u>	<u>\$ 14,033,436</u>	<u>\$ 15,906,443</u>	<u>\$ 17,407,308</u>	<u>\$ 18,406,435</u>	<u>\$ 18,240,207</u>	<u>\$ 19,026,753</u>
Business-type activities										
Net investment in capital assets	\$ 16,180,483	\$ 17,605,104	\$ 19,189,187	\$ 19,715,526	\$ 21,668,627	\$ 24,587,875	\$ 24,866,543	\$ 30,272,809	\$ 31,762,087	\$ 33,949,632
Restricted	7,224,183	7,411,130	6,114,007	4,904,576	5,689,903	6,337,995	7,813,725	8,098,373	8,563,641	9,081,410
Unrestricted	17,027,172	17,057,595	18,509,566	20,792,999	20,577,271	19,781,985	20,115,842	17,714,789	19,305,428	18,659,955
Total business-type activities net position	<u>\$ 40,431,838</u>	<u>\$ 42,073,829</u>	<u>\$ 43,812,760</u>	<u>\$ 45,413,101</u>	<u>\$ 47,935,801</u>	<u>\$ 50,707,855</u>	<u>\$ 52,796,110</u>	<u>\$ 56,085,971</u>	<u>\$ 59,631,156</u>	<u>\$ 61,690,997</u>
Primary government										
Net investment in capital assets	\$ 30,543,735	\$ 32,813,080	\$ 34,917,493	\$ 35,155,479	\$ 37,593,165	\$ 42,140,037	\$ 43,574,217	\$ 52,765,814	\$ 55,331,997	\$ 58,370,328
Restricted	8,288,952	8,095,884	7,128,255	6,413,575	8,498,270	9,933,229	12,464,713	12,597,495	12,976,907	14,348,012
Unrestricted	17,705,550	17,688,956	14,991,561	15,984,783	15,877,802	14,541,032	14,164,488	9,129,097	9,562,459	7,999,410
Total primary government net position	<u>\$ 56,538,237</u>	<u>\$ 58,597,920</u>	<u>\$ 57,037,309</u>	<u>\$ 57,553,837</u>	<u>\$ 61,969,237</u>	<u>\$ 66,614,298</u>	<u>\$ 70,203,418</u>	<u>\$ 74,492,406</u>	<u>\$ 77,871,363</u>	<u>\$ 80,717,750</u>

NOTES:

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
General government	\$ 2,774,741	\$ 2,755,195	\$ 2,992,962	\$ 3,169,458	\$ 3,167,883	\$ 3,550,849	\$ 3,522,888	\$ 3,916,637	\$ 4,432,491	\$ 5,790,225
Public safety	3,726,238	4,220,756	4,775,056	5,509,655	5,715,864	5,653,758	5,783,696	8,274,730	8,460,996	8,971,227
Transportation	922,304	968,948	1,059,251	1,263,951	1,170,690	1,293,274	1,240,065	1,499,350	1,652,287	1,832,369
Internal services	692,131	713,115	782,061	909,510	879,893	809,847	962,854	1,092,709	1,088,789	900,297
Economic environment	-	22,172	405,888	162,098	92,929	820,649	164,722	209,005	1,015,460	249,871
Human services	57,256	56,000	56,000	55,998	57,681	78,925	95,556	104,280	105,230	28,113
Culture and recreation	2,721,034	2,840,973	3,032,663	3,466,779	3,626,752	3,393,067	3,750,506	4,701,863	4,534,452	4,404,144
Debt service interest	28,010	54,238	39,421	34,118	24,577	68,195	46,398	41,935	29,267	46,921
Total governmental activities expenses	10,921,714	11,631,397	13,143,302	14,571,567	14,736,269	15,668,564	15,566,685	19,840,509	21,318,972	22,223,167
Business-type activities										
Water and sewer	6,489,807	6,982,475	7,162,548	7,909,848	7,985,935	7,315,094	8,278,466	9,531,673	9,480,549	11,869,536
Sanitation	2,743,219	2,855,930	3,007,267	3,451,152	3,619,023	3,297,357	3,874,282	4,209,059	4,185,000	4,343,853
Stormwater utility management	366,884	345,807	341,481	427,157	340,838	522,043	574,365	532,041	868,600	851,346
Total business-type activities expenses	9,599,910	10,184,212	10,511,296	11,788,157	11,945,796	11,134,494	12,727,113	14,272,773	14,534,149	17,064,735
Total primary government expenses	\$ 20,521,624	\$ 21,815,609	\$ 23,654,598	\$ 26,359,724	\$ 26,682,065	\$ 26,803,058	\$ 28,293,798	\$ 34,113,282	\$ 35,853,121	\$ 39,287,902
Niceville-Valparaiso Regional Sewer Board, Inc.	\$ 2,215,150	\$ 2,555,198	\$ 2,577,585	\$ 2,840,217	\$ 2,203,326	\$ 2,083,420	\$ 2,072,328	\$ 2,254,594	\$ 2,317,938	\$ 2,461,515
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 2,221,681	\$ 2,028,024	\$ 401,379	\$ 554,223	\$ 430,214	\$ 518,983	\$ 433,893	\$ 584,579	\$ 660,659	\$ 753,125
Public safety	256,596	241,625	275,395	306,182	358,485	379,028	465,488	437,289	392,917	1,065,692
Transportation	75,568	89,451	90,603	91,789	93,012	94,270	95,566	96,901	111,155	121,817
Culture and recreation	223,676	218,934	149,984	245,148	159,137	172,603	185,749	199,198	230,378	208,229
Operating grants and contributions	133,972	140,988	583,486	382,735	2,438,864	1,674,745	351,069	664,899	2,105,559	372,802
Capital grants and contributions	42,132	609,616	181,452	32,505	561,654	705,234	221,246	304,065	588,345	53,934
Total governmental activities program revenues	2,953,625	3,328,638	1,682,299	1,612,582	4,041,366	3,544,863	1,753,011	2,286,931	4,089,013	2,575,599
Business-type activities										
Charges for services										
Water and sewer	7,409,423	7,923,941	8,107,712	8,347,132	8,724,834	8,599,612	8,744,192	9,313,718	9,968,137	10,706,753
Sanitation	2,877,603	2,944,689	3,047,638	3,203,980	3,369,224	3,508,308	3,693,119	3,897,566	4,208,554	4,442,079
Stormwater utility management	470,757	475,500	481,849	484,803	492,335	501,301	508,489	519,769	548,829	594,771
Operating grants and contributions	61,030	-	94,973	234,994	-	535,437	58,430	15,350	-	9,500
Capital grants and contributions	882,622	813,541	1,781,570	1,173,115	1,828,540	1,017,553	2,195,838	5,531,245	2,002,038	4,446,402
Total business-type activities program revenues	11,701,435	12,157,671	13,513,742	13,444,024	14,414,933	14,162,211	15,200,068	19,277,648	16,727,558	20,199,505
Total primary government program revenues	\$ 14,655,060	\$ 15,486,309	\$ 15,196,041	\$ 15,056,606	\$ 18,456,299	\$ 17,707,074	\$ 16,953,079	\$ 21,564,579	\$ 20,816,571	\$ 22,775,104
Component Unit:										
Niceville-Valparaiso Regional Sewer Board, Inc.	\$ 2,242,986	\$ 2,145,182	\$ 2,681,981	\$ 3,112,972	\$ 2,115,371	\$ 3,113,470	\$ 2,124,557	\$ 1,674,288	\$ 2,019,060	\$ 2,390,844

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expenses) Revenues										
Governmental activities	\$ (7,968,089)	\$ (8,302,759)	\$ (11,461,003)	\$ (12,958,985)	\$ (10,694,903)	\$ (12,123,701)	\$ (13,813,674)	\$ (17,553,578)	\$ (17,229,959)	\$ (19,647,568)
Business-type activities	2,101,525	1,973,459	3,002,446	1,655,867	2,469,137	3,027,717	2,472,955	5,004,875	2,193,409	3,134,770
Total primary government net expense	<u>\$ (5,866,564)</u>	<u>\$ (6,329,300)</u>	<u>\$ (8,458,557)</u>	<u>\$ (11,303,118)</u>	<u>\$ (8,225,766)</u>	<u>\$ (9,095,984)</u>	<u>\$ (11,340,719)</u>	<u>\$ (12,548,703)</u>	<u>\$ (15,036,550)</u>	<u>\$ (16,512,798)</u>
Component Unit:										
Niceville-Valparaiso Regional Sewer Board, Inc.	\$ 27,836	\$ (410,016)	\$ 104,396	\$ 272,755	\$ (87,955)	\$ 1,030,050	\$ 52,229	\$ (580,306)	\$ (298,878)	\$ (70,671)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 3,313,938	\$ 3,485,119	\$ 3,694,760	\$ 3,948,230	\$ 4,193,588	\$ 4,457,247	\$ 4,743,387	\$ 5,416,526	\$ 6,448,017	\$ 6,903,114
Utility service taxes	1,990,813	2,039,441	2,159,118	2,170,933	2,276,026	2,341,857	2,487,137	2,718,485	2,800,266	2,959,710
Other taxes	-	-	3,395,591	4,521,288	4,793,023	5,641,520	6,079,223	6,170,258	6,041,035	6,165,001
Intergovernmental, unrestricted	2,093,101	2,207,084	588,797	632,484	615,607	762,279	1,074,110	1,295,464	1,181,778	1,295,134
Gain on sale of assets	-	-	-	-	-	-	-	-	62,675	-
Miscellaneous	61,067	357,021	28,188	35,700	26,048	49,440	90,672	218,690	162,130	110,259
Interest and investment earnings	19,389	31,786	42,245	100,488	83,311	44,365	40,010	233,282	367,830	390,692
Transfers	590,000	600,000	600,000	466,049	600,000	700,000	800,000	2,500,000	-	2,610,204
Total governmental activities	<u>8,068,308</u>	<u>8,720,451</u>	<u>10,508,699</u>	<u>11,875,172</u>	<u>12,587,603</u>	<u>13,996,708</u>	<u>15,314,539</u>	<u>18,552,705</u>	<u>17,063,731</u>	<u>20,434,114</u>
Business-type activities										
Miscellaneous	189,675	204,673	200,471	208,331	290,363	268,270	377,641	344,660	316,710	378,792
Interest and investment earnings	25,886	63,859	67,941	202,192	363,200	176,067	37,659	440,326	1,035,066	1,156,483
Transfers	(590,000)	(600,000)	(600,000)	(466,049)	(600,000)	(700,000)	(800,000)	(2,500,000)	-	(2,610,204)
Total business-type activities	<u>(374,439)</u>	<u>(331,468)</u>	<u>(331,588)</u>	<u>(55,526)</u>	<u>53,563</u>	<u>(255,663)</u>	<u>(384,700)</u>	<u>(1,715,014)</u>	<u>1,351,776</u>	<u>(1,074,929)</u>
Total primary government	<u>\$ 7,693,869</u>	<u>\$ 8,388,983</u>	<u>\$ 10,177,111</u>	<u>\$ 11,819,646</u>	<u>\$ 12,641,166</u>	<u>\$ 13,741,045</u>	<u>\$ 14,929,839</u>	<u>\$ 16,837,691</u>	<u>\$ 18,415,507</u>	<u>\$ 19,359,185</u>
Niceville-Valparaiso Regional Sewer Board, Inc.										
Miscellaneous	\$ 8,563	\$ 162,506	\$ 2,597	\$ 2,318	\$ 10,213	\$ 9,220	\$ 9,221	\$ 9,220	\$ 131,416	\$ 12,035
Investment earnings	7,388	7,635	11,721	18,669	29,619	23,461	11,587	43,547	92,703	96,809
Total component unit	<u>\$ 15,951</u>	<u>\$ 170,141</u>	<u>\$ 14,318</u>	<u>\$ 20,987</u>	<u>\$ 39,832</u>	<u>\$ 32,681</u>	<u>\$ 20,808</u>	<u>\$ 52,767</u>	<u>\$ 224,119</u>	<u>\$ 108,844</u>
Change in Net Position										
Governmental activities	\$ 100,219	\$ 417,692	\$ (952,304)	\$ (1,083,813)	\$ 1,892,700	\$ 1,873,007	\$ 1,500,865	\$ 999,127	\$ (166,228)	\$ 786,546
Business-type activities	1,727,086	1,641,991	2,670,858	1,600,341	2,522,700	2,772,054	2,088,255	3,289,861	3,545,185	2,059,841
Total primary government	<u>\$ 1,827,305</u>	<u>\$ 2,059,683</u>	<u>\$ 1,718,554</u>	<u>\$ 516,528</u>	<u>\$ 4,415,400</u>	<u>\$ 4,645,061</u>	<u>\$ 3,589,120</u>	<u>\$ 4,288,988</u>	<u>\$ 3,378,957</u>	<u>\$ 2,846,387</u>
Niceville-Valparaiso Regional Sewer Board, Inc. (component unit)										
	<u>\$ 43,787</u>	<u>\$ (239,875)</u>	<u>\$ 118,714</u>	<u>\$ 293,742</u>	<u>\$ (48,123)</u>	<u>\$ 1,062,731</u>	<u>\$ 73,037</u>	<u>\$ (527,539)</u>	<u>\$ (74,759)</u>	<u>\$ 38,173</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund										
Nonspendable	\$ 31,074	\$ 38,227	\$ 31,457	\$ 107,638	\$ 29,367	\$ 18,186	\$ 18,685	\$ 27,011	\$ 62,400	\$ 24,424
Restricted	1,064,769	684,754	938,443	305,552	352,753	373,922	362,281	439,111	448,125	493,757
Assigned	2,698,505	3,839,312	3,106,131	3,291,427	3,595,191	3,851,483	443,251	2,704,967	710,684	594,711
Unassigned	<u>2,442,363</u>	<u>1,717,656</u>	<u>1,247,052</u>	<u>686,933</u>	<u>2,096,362</u>	<u>1,897,516</u>	<u>4,993,784</u>	<u>2,315,757</u>	<u>3,386,806</u>	<u>2,996,677</u>
Total General Fund	<u>\$ 6,236,711</u>	<u>\$ 6,279,949</u>	<u>\$ 5,323,083</u>	<u>\$ 4,391,550</u>	<u>\$ 6,073,673</u>	<u>\$ 6,141,107</u>	<u>\$ 5,818,001</u>	<u>\$ 5,486,846</u>	<u>\$ 4,608,015</u>	<u>\$ 4,109,569</u>
All other governmental funds										
Restricted	\$ -	\$ 17,942	\$ 75,805	\$ 1,203,447	\$ 2,455,614	\$ 3,221,312	\$ 4,288,707	\$ 4,060,011	\$ 3,965,141	\$ 4,772,845
Unassigned (deficit)	<u>(5,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ (5,220)</u>	<u>\$ 17,942</u>	<u>\$ 75,805</u>	<u>\$ 1,203,447</u>	<u>\$ 2,455,614</u>	<u>\$ 3,221,312</u>	<u>\$ 4,288,707</u>	<u>\$ 4,060,011</u>	<u>\$ 3,965,141</u>	<u>\$ 4,772,845</u>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 5,332,739	\$ 5,556,765	\$ 5,858,399	\$ 6,123,655	\$ 6,545,552	\$ 6,927,217	\$ 7,322,141	\$ 8,124,364	\$ 9,153,180	\$ 9,730,151
Licenses, fees and permits	1,589,181	1,475,460	1,585,374	1,606,540	1,577,483	1,644,661	1,920,480	2,006,537	1,785,026	1,768,955
Intergovernmental	2,502,446	3,217,005	3,330,631	4,143,278	6,894,930	7,225,930	5,951,241	6,718,886	8,437,582	6,488,182
Charges for services	749,793	746,501	646,977	899,734	681,517	790,550	703,785	878,359	1,008,809	1,688,722
Fines	54,123	62,782	62,794	64,071	46,999	41,836	40,692	38,717	62,718	182,017
Miscellaneous	114,264	111,276	106,823	184,427	132,488	117,327	154,236	561,305	696,535	541,482
Total revenues	10,342,546	11,169,789	11,590,998	13,021,705	15,878,969	16,747,521	16,092,575	18,328,168	21,143,850	20,399,509
Expenditures										
General government	2,381,166	2,301,918	2,406,166	2,717,205	2,752,279	3,103,074	2,989,700	3,374,972	3,976,039	5,400,925
Public safety	3,289,258	3,546,380	4,024,731	4,430,112	4,540,560	4,917,998	5,196,702	6,429,419	7,329,860	8,398,299
Transportation	733,453	751,360	802,110	950,055	838,185	1,013,128	951,976	1,120,576	1,217,687	1,277,221
Internal service	659,287	677,452	714,646	754,747	698,961	766,206	925,756	970,160	996,723	866,041
Economic environment	-	22,172	405,888	162,098	92,929	820,649	164,722	209,005	1,015,460	250,295
Human services	56,496	56,288	56,000	55,998	57,681	78,925	95,556	104,280	105,230	28,113
Culture and recreation	2,352,862	2,392,237	2,545,122	2,758,332	2,765,322	2,827,322	3,242,186	3,709,932	3,786,612	3,752,067
Capital outlay	1,933,106	2,079,639	1,541,904	1,421,136	2,202,156	3,315,476	1,957,832	4,978,554	3,222,991	3,252,121
Debt service										
Principal	445,300	620,421	554,013	607,844	713,027	421,352	570,770	677,952	580,075	521,691
Interest	28,010	54,238	39,421	34,118	24,577	45,259	53,086	39,078	35,430	21,524
Total expenditures	11,878,938	12,502,105	13,090,001	13,891,645	14,685,677	17,309,389	16,148,286	21,613,928	22,266,107	23,768,297
Excess of revenues over (under) expenditures	(1,536,392)	(1,332,316)	(1,499,003)	(869,940)	1,193,292	(561,868)	(55,711)	(3,285,760)	(1,122,257)	(3,368,788)
Other Financing										
Sources (Uses)										
Issuance of subscription liabilities	-	-	-	-	-	-	-	225,909	148,556	1,067,842
Issuance of long-term debt	1,007,000	500,000	-	600,000	1,140,998	695,000	-	-	-	-
Proceeds from sale of capital assets	-	298,716	-	-	-	-	-	-	-	-
Transfers in	590,000	600,000	600,000	466,049	600,000	700,000	800,000	2,500,000	-	2,610,204
Total other financing sources (uses)	1,597,000	1,398,716	600,000	1,066,049	1,740,998	1,395,000	800,000	2,725,909	148,556	3,678,046
Net changes in fund balances	\$ 60,608	\$ 66,400	\$ (899,003)	\$ 196,109	\$ 2,934,290	\$ 833,132	\$ 744,289	\$ (559,851)	\$ (973,701)	\$ 309,258
Debt service as a percentage of noncapital expenditures	4.76%	6.47%	5.14%	5.15%	5.91%	3.33%	4.40%	4.31%	3.23%	2.65%

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

Year*	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2016	\$ 925,777,944	\$ 1,064,112,579	\$ 54,551,786	\$ 62,703,202	\$ 980,329,730	\$ 1,126,815,781	0.87	3.700
2017	\$ 978,803,816	\$ 1,151,533,901	\$ 58,637,265	\$ 68,985,018	\$ 1,037,441,081	\$ 1,220,518,919	0.85	3.700
2018	\$ 1,046,275,362	\$ 1,230,912,191	\$ 59,362,206	\$ 69,837,889	\$ 1,105,637,568	\$ 1,300,750,080	0.85	3.700
2019	\$ 1,109,295,545	\$ 1,305,053,582	\$ 65,778,239	\$ 77,386,164	\$ 1,175,073,784	\$ 1,382,439,746	0.85	3.700
2020	\$ 1,160,668,676	\$ 1,365,492,560	\$ 64,675,918	\$ 76,089,315	\$ 1,225,344,594	\$ 1,441,581,875	0.85	3.700
2021	\$ 1,270,507,129	\$ 1,494,714,269	\$ 64,989,898	\$ 76,458,704	\$ 1,335,497,027	\$ 1,571,172,973	0.85	3.700
2022	\$ 1,454,853,231	\$ 1,711,592,036	\$ 68,808,120	\$ 80,950,729	\$ 1,523,661,351	\$ 1,792,542,765	0.85	3.700
2023	\$ 1,607,118,014	\$ 1,890,727,075	\$ 72,067,434	\$ 84,785,216	\$ 1,679,185,448	\$ 1,975,512,291	0.85	4.000
2024	\$ 1,699,325,658	\$ 1,999,206,656	\$ 75,975,131	\$ 89,382,507	\$ 1,775,300,789	\$ 2,088,589,163	0.85	4.000
2025	\$ 1,817,863,582	\$ 2,138,663,038	\$ 78,888,132	\$ 92,809,567	\$ 1,896,751,714	\$ 2,231,472,605	0.85	4.500

Source: Okaloosa County Property Appraiser's Office

* The 2025 tax roll is the basis for fiscal year 2026 property tax revenues

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

Fiscal Year *	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 3,444,685	\$ 3,149,847	91.44%	2,788	\$ 3,152,635	91.52%
2017	\$ 3,633,823	\$ 3,322,098	91.42%	1,845	\$ 3,323,943	91.47%
2018	\$ 3,844,628	\$ 3,504,748	91.16%	1,345	\$ 3,505,757	91.19%
2019	\$ 4,094,647	\$ 3,751,330	91.62%	676	\$ 3,752,006	91.63%
2020	\$ 4,351,272	\$ 3,973,759	91.32%	1,399	\$ 3,975,158	91.36%
2021	\$ 4,648,882	\$ 4,455,546	95.84%	1,079	\$ 4,456,625	95.86%
2022	\$ 4,944,357	\$ 4,742,156	95.91%	2,615	\$ 4,744,771	95.96%
2023	\$ 5,643,445	\$ 5,411,805	95.90%	925	\$ 5,412,730	95.91%
2024	\$ 6,724,833	\$ 6,158,311	91.58%	27	\$ 6,158,338	91.58%
2025	\$ 7,110,014	\$ 6,536,341	91.93%	2,403	\$ 6,538,744	91.97%

Source: Okaloosa County Tax Collector Form DR-502

* Fiscal year 2025 property tax revenues are based on the 2024 millage rate

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

Year *	City Direct Rates		Overlapping Rates**			
	Operating Millage	Total Direct	Okaloosa County	School District	Northwest Florida Water Management	Total Overlapping Rates
2016	3.7000	3.7000	3.4308	6.9070	0.0366	10.3744
2017	3.7000	3.7000	3.8308	6.5880	0.0353	10.4541
2018	3.7000	3.7000	3.8308	6.3610	0.0338	10.2256
2019	3.7000	3.7000	3.8308	6.2060	0.0327	10.0695
2020	3.7000	3.7000	3.8308	6.0350	0.0311	9.8969
2021	3.7000	3.7000	3.8308	5.9430	0.0294	9.8032
2022	3.7000	3.7000	3.8308	5.5790	0.0261	9.4359
2023	4.0000	4.0000	3.8308	5.4770	0.0234	9.3312
2024	4.0000	4.0000	3.8308	5.3790	0.0218	9.2316
2025	4.5000	4.5000	3.8308	5.3770	0.0207	9.2285

Source: Okaloosa County Property Appraiser's Office

* The 2025 millage rate is the basis for fiscal year 2026 tax revenues

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

**CITY OF NICEVILLE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2025**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>City Share of Overlapping Debt</u>
Overlapping debt			
Okaloosa County School District			
Revenue bonds	\$ 2,161,000	7.62%	\$ 164,581
Certificates of participation	249,758,726	7.62%	19,021,522
Lease and subscription liabilities	59,802,829	7.62%	4,554,559
Okaloosa County			
Revenue bonds	113,108,435	7.62%	8,614,292
Revenue notes	13,617,857	7.62%	1,037,130
Lease and subscription liabilities	5,896,216	7.62%	449,053
Subtotal Overlapping Debt	<u>444,345,063</u>		<u>33,841,137</u>
City direct debt:			
Revenue bonds	233,200	100.00%	233,200
Subscription liabilities	1,020,218	100.00%	1,020,218
Subtotal Direct Debt	<u>1,253,418</u>		<u>1,253,418</u>
Total Direct and Overlapping Debt	<u>\$ 445,598,481</u>		<u>\$ 35,094,555</u>

Sources: Okaloosa County, Okaloosa County School District

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

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

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

Fiscal Year	Governmental Activities						Business-Type Activities					
	Revenue Bonds	Notes Payable	Sales Tax Refunding Bonds	Gas Tax Refunding Bonds	Financing Contracts	Subscription Liabilities	Revenue Refunding Bonds	State Revolving Loans	Financing Contracts	Total Primary Government	Percentage of Personal Income	Per Capita Debt
2016	\$ -	\$ -	\$ 451,766	\$ 651,771	\$ 1,053,307	\$ -	\$ 10,853,546	\$ 3,735,602	\$ 967,000	\$ 17,712,992	3.93%	\$ 1,313
2017	\$ -	\$ -	\$ 237,581	\$ 437,586	\$ 1,293,488	\$ -	\$ 9,845,002	\$ 3,619,989	\$ 837,000	\$ 16,270,646	3.39%	\$ 1,162
2018	\$ -	\$ -	\$ 156,366	\$ 221,928	\$ 1,104,115	\$ -	\$ 8,754,313	\$ 3,501,076	\$ 704,000	\$ 14,441,798	3.07%	\$ 995
2019	\$ 600,000	\$ -	\$ -	\$ -	\$ 874,565	\$ -	\$ 7,798,049	\$ 3,379,203	\$ 568,000	\$ 13,219,817	2.33%	\$ 850
2020	\$ 522,200	\$ 315,000	\$ -	\$ -	\$ 1,065,336	\$ -	\$ 6,814,526	\$ 3,251,276	\$ 430,000	\$ 12,398,338	2.13%	\$ 828
2021	\$ 1,137,000	\$ 252,000	\$ -	\$ -	\$ 787,184	\$ -	\$ 9,008,612	\$ 244,024	\$ 289,000	\$ 11,717,820	1.63%	\$ 731
2022	\$ 915,200	\$ 189,000	\$ -	\$ -	\$ 501,214	\$ -	\$ 8,597,150	\$ 228,461	\$ 145,000	\$ 10,576,025	1.30%	\$ 653
2023	\$ 690,700	\$ 126,000	\$ -	\$ -	\$ 208,220	\$ 239,419	\$ 7,473,826	\$ 212,420	\$ -	\$ 8,950,585	1.20%	\$ 543
2024	\$ 463,400	\$ 63,000	\$ -	\$ -	\$ 38,000	\$ 268,420	\$ 6,381,699	\$ 195,890	\$ -	\$ 7,410,409	0.92%	\$ 447
2025	\$ 233,200	\$ -	\$ -	\$ -	\$ -	\$ 1,020,218	\$ 5,347,605	\$ 178,853	\$ -	\$ 6,779,876	0.71%	\$ 396

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

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

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

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

Fiscal Year	Water and Sewer Utility Charges	Less Operating Expenses	Net Available Revenue	Water and Sewer Revenue Bonds		State Revolving Loans		Financing Contracts		Total Coverage
				Debt Service		Debt Service		Principal	Interest	
				Principal	Interest	Principal	Interest			
2016	\$ 7,435,423	\$ 4,654,905	\$ 2,780,518	\$ 658,559	\$ 266,071	\$ 110,012	\$ 100,068	\$ 127,000	\$ 18,240	2.17
2017	\$ 7,923,941	\$ 4,833,977	\$ 3,089,964	\$ 706,176	\$ 252,473	\$ 115,613	\$ 97,255	\$ 130,000	\$ 15,965	2.35
2018	\$ 8,107,712	\$ 5,236,514	\$ 2,871,198	\$ 721,523	\$ 238,178	\$ 118,914	\$ 94,363	\$ 133,000	\$ 13,638	2.18
2019	\$ 8,347,132	\$ 5,969,316	\$ 2,377,816	\$ 956,264	\$ 223,406	\$ 121,873	\$ 91,826	\$ 136,000	\$ 11,257	1.54
2020	\$ 8,724,834	\$ 6,075,236	\$ 2,649,598	\$ 983,523	\$ 204,015	\$ 127,927	\$ 96,722	\$ 138,000	\$ 8,832	1.70
2021	\$ 8,599,612	\$ 5,686,063	\$ 2,913,549	\$ 909,216	\$ 173,910	\$ 128,933	\$ 51,310	\$ 141,000	\$ 7,612	2.06
2022	\$ 8,744,192	\$ 6,188,761	\$ 2,555,431	\$ 411,462	\$ 139,492	\$ 15,563	\$ 7,301	\$ 144,000	\$ 5,116	3.53
2023	\$ 9,313,718	\$ 6,877,438	\$ 2,436,280	\$ 1,123,324	\$ 128,647	\$ 16,041	\$ 6,825	\$ 145,000	\$ 2,567	1.71
2024	\$ 9,968,137	\$ 7,042,653	\$ 2,925,484	\$ 1,092,127	\$ 110,600	\$ 16,530	\$ 6,334	\$ -	\$ -	2.39
2025	\$ 10,706,753	\$ 9,193,129	\$ 1,513,624	\$ 1,034,094	\$ 93,918	\$ 17,037	\$ 5,828	\$ -	\$ -	1.32

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

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

CITY OF NICEVILLE, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 (UNAUDITED)

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ruckel Properties	\$ 32,931,150	1	1.74%	\$ 12,551,022	2	1.28%
MH Deer Moss Creek LLC	\$ 26,615,488	2	1.40%			
Valparaiso Realty	\$ 25,578,379	3	1.35%	\$ 17,049,699	1	1.74%
Florida Power & Light (formerly Gulf Power Co.)	\$ 19,699,982	4	1.04%	\$ 8,497,229	3	0.87%
Sunbelt Rentals #268	\$ 9,171,067	5	0.48%	\$ 5,811,217	4	0.59%
SHM Emerald Coast, LLC	\$ 8,649,058	6	0.46%			
Twin Cities Hospital	\$ 8,402,679	7	0.44%			
Sage Niceville Hospitality II LLC	\$ 7,440,424	8	0.39%			
GMSP Niceville LLC	\$ 7,191,122	9	0.38%			
HCA	\$ 7,079,693	10	0.37%	\$ 5,409,179	6	0.55%
Walmart Stores East LP				\$ 5,505,519	5	0.56%
Mill Creek Village, Inc.				\$ 5,078,309	7	0.52%
VRC Crossing Rocky Bayou LLC				\$ 4,681,931	8	0.48%
Okaloosa Hospital Inc., 30948				\$ 4,591,462	9	0.47%
Embarq Corp				\$ 3,743,246	10	0.38%
Total	\$ 152,759,042		8.05%	\$ 72,918,813		7.44%
Total Taxable Assessed Value of Other Taxpayers	\$ 1,743,992,672		91.95%	\$ 907,410,917		92.56%
Total Taxable Assessed Value	\$ 1,896,751,714		100.00%	\$ 980,329,730		100.00%

Source: Okaloosa County Property Appraiser's Office

DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLE 12

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

Year	Population	Personal Income*	Per Capita Personal Income	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2016	13,489	\$ 450,924	\$ 33,429	14	18,001	4.1%
2017	14,008	\$ 480,054	\$ 34,270	16	16,453	2.8%
2018	14,508	\$ 470,523	\$ 32,432	16	18,057	2.3%
2019	15,558	\$ 568,365	\$ 36,532	16	15,827	2.2%
2020	14,976	\$ 581,758	\$ 38,846	14	15,618	3.7%
2021	16,040	\$ 717,100	\$ 44,707	14	12,768	3.2%
2022	16,186	\$ 813,981	\$ 50,289	14	14,122	2.2%
2023	16,492	\$ 743,221	\$ 45,066	14	12,862	2.7%
2024	16,594	\$ 804,732	\$ 48,495	14	13,661	2.8%
2025	17,119	\$ 956,588	\$ 55,879	14	13,665	3.0%

*Thousands of dollars

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

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

<u>Taxpayer</u>	2025			2016		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Okaloosa County School District	4,428	1	4.68%	3,057	1	3.41%
HCA Florida Fort Walton-Destin Hospital	1,252	3	1.32%			
Walmart (Okaloosa County Combined)	1,386	2	1.46%	600	8	0.67%
Okaloosa County (Government)	1,127	4	1.19%	733	5	0.82%
Publix	910	5	0.96%			
Reliance Test and Technology	770	6	0.81%	800	4	0.89%
Lockheed Martin	730	7	0.77%	926	3	1.03%
North Okaloosa Medical Center	725	8	0.77%	643	6	0.72%
Astrion	715	9	0.76%			
Northwest Florida State College	644	10	0.68%			
Fort Walton Beach Medical Center				1,065	2	1.19%
L-3 Crestview Aerospace				612	7	0.68%
Century Link				600	8	0.67%
Asurion Company				535	10	0.60%
Total	<u>12,687</u>		<u>13.41%</u>	<u>9,571</u>		<u>10.67%</u>
Total County Employment	<u>94,608</u>			<u>89,721</u>		

Sources: One Okaloosa; Economic Development Council; Federal Reserve Bank of St. Louis

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical arrests	343	450	515	503	377	249	298	201	267	353
Traffic violations	1,763	1,750	1,728	2,012	1,429	1,632	1,451	1,478	2,624	2,212
Fire										
Emergency responses	1,922	1,250	1,504	1,760	1,428	1,522	1,728	1,943	2,017	1,827
Inspections	150	365	328	538	96	135	110	100	438	386
Building										
Permits issued	1,430	1,165	1,436	1,208	1,454	1,648	1,649	1,377	1,339	1,764
Library										
Volumes in collection	76,069	78,867	73,565	75,959	75,561	73,555	73,456	72,932	75,141	78,021
Water										
New connections	104	96	113	104	148	115	175	189	97	101
Average daily consumption (thousands of gallons)	2,074	2,464	2,344	3,114	2,570	2,515	2,557	2,734	3,026	3,149

Sources: Various City departments.

Note: Indicators are not available for the general government function.

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
Executive	2	2	2	2	2	2	2	2	4	4
Financial and administrative	7	7	10	13	13	10	12	11	15	15
Planning	0	1	1	1	1	1	1	1	2	2
Building	2	3	3	3	3	3	3	2	3	2
Other	10	7	5	5	4	5	10	8	5	11
Public safety										
Police	32	31	34	39	36	36	30	39	42	42
Fire	16	16	19	22	21	24	23	25	26	21
Physical environment										
Other public works	14	14	14	15	15	13	13	13	15	14
Transportation	4	5	5	6	5	5	5	8	7	6
Human services	0	0	0	0	0	0	0	0	1	1
Culture and recreation										
Parks and recreation	20	23	26	31	29	27	28	21	29	28
Library	7	8	10	13	13	13	11	13	13	15
Water	19	17	16	16	16	20	17	17	18	18
Sanitation	11	10	10	12	12	13	9	8	9	10
Other	0	0	0	1	1	1	0	0	0	0
Total	144	144	155	179	171	173	164	168	189	189

Source: City Budget Office

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	23	30	37	39	36	36	39	39	39
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	81.0	81.0	81.8	74.9	75.9	75.9	77.7	79.0	87.1	87.1
Streetlights	1,812	1,815	1,815	1,815	1,815	2,132	2,132	2,132	2,140	2,140
Parks and recreation										
Acreage	287.7	287.7	287.7	289.6	291.2	293.8	294.0	294.0	294.0	294.0
Mini-parks	4	4	4	4	4	1	4	4	4	4
Neighborhood parks	5	5	5	5	5	5	5	5	5	5
Community parks	16	16	16	17	17	18	18	18	18	18
Other parks	1	1	1	1	1	-	-	-	-	-
Water										
Water mains (miles)	126	126	131	137	137	141	144	149	154	154
Fire hydrants	762	769	772	792	798	814	813	814	894	1,105
Number of service connections	9,763	9,766	9,963	10,274	11,143	10,394	11,343	11,605	20,779	20,943
Storage capacity (thousands of gallons)	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Wastewater										
Number of sanitary sewers	70	70	70	86	87	91	122	126	181	181
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	8,115	8,115	8,286	8,584	8,566	8,735	8,776	9,058	9,167	9,244
Storm sewers (miles)	34.9	34.9	31.5	32.0	32.0	33.0	45.0	47.3	52.0	52.0

Sources: Various City departments

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

IV. COMPLIANCE SECTION

- **COMPLIANCE MATTERS**
- **MANAGEMENT LETTER**

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

State Agency Pass-Through Entity State Project	CSFA Number	Contract/Grant Number	Expenditures	Passed Through to Subrecipients
Florida Department of Environmental Protection				
Indirect projects				
<i>Pass-through from Northwest Florida Water Management District</i>				
Alternative Water Supply	37.100	WS092	\$ 2,029,990	\$ -
Florida Department of Law Enforcement (FDLE)				
Direct projects				
FDLE Drone Replacement Program	71.092	3X137	25,000	-
State Assistance for Fentanyl Eradication (SAFE) in Florida	71.122	2023-SAFE-SF-063	54,286	-
			<u>79,286</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 2,109,276</u>	<u>\$ -</u>

CITY OF NICEVILLE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Niceville, Florida (the City) for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Florida 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 modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.550, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the City of Niceville, Florida's basic financial statements and have issued our report thereon dated April 29, 2026.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

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.

A handwritten signature in cursive script that reads "Warren Averett, LLC".

Fort Walton Beach, Florida
April 29, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROJECT
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on Compliance for the Major State Project

We have audited the City of Niceville, Florida's (the City) compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on the City's major state project for the year ended September 30, 2025. The City's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major state project based on our audit of the types of compliance requirements referred to above. 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; and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major State Project

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 results of that testing based on the requirements of Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
April 29, 2026

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2025 OMB *Compliance Supplement* during the year ended September 30, 2025.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with the specified requirements for the year ended September 30, 2025.

Other Reporting Required by *Government Auditing Standards*

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

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2025. Accordingly, this report is not suitable for any other purpose.



Fort Walton Beach, Florida
April 29, 2026

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2025**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No
- Noncompliance material to financial statements noted? _____ Yes X No

State Financial Assistance

Internal control over major project:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

Type of auditors' report issued on compliance for major project: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Florida Auditor General* _____ Yes X No

Identification of major project:

CSFA Number	Name of State Project
37.100	Alternative Water Supply

Dollar threshold used to distinguish between \$ 632,783

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2025**

II. FINANCIAL STATEMENT FINDINGS

There were no findings which were required to be reported in accordance with *Government Auditing Standards*.

III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with Chapter 10.557, *Rules of the Florida Auditor General*.

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City's) compliance with Section 218.415, Florida Statutes, in regard to investments of surplus funds, for the year ended September 30, 2025.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with the specified requirements for the year ended September 30, 2025.

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

Warren Averett, LLC

Fort Walton Beach, Florida
April 29, 2026

MANAGEMENT LETTER

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Niceville, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 29, 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; 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 on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with *Government Auditing Standards*; Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement; Independent Auditors' Report on Compliance for the Major State Project and Report on Internal Control over Compliance; 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 Florida Auditor General*. Disclosures in those reports and schedule, which are dated April 29, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

The City included the Niceville-Valparaiso Regional Sewer Board (the Board) as a discretely presented component unit in the accompanying financial statements. The legal authority that established the Board is disclosed in Note 1 to the financial statements. The legal authority that established the Board is disclosed in Note 1 to the financial statements. The City also included the Niceville Community Redevelopment Agency (the CRA) as a blended component unit in the accompanying financial statements. The legal authority that established the CRA is disclosed in Note 1 to the financial statements.

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Florida 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.

Property Assessed Clean Energy (PACE) Programs

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

Specific Information

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

- a) The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 0.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 0.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$28,186.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$265,411.

- e) Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with total expenditures for such project as:
 - Old Town Landing Phase I – Dock & Pier \$2,853,257
- f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

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

- a) The total number of Board employees compensated in the last pay period of the Board's fiscal year as 9.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year as 4.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$606,634.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$250,310.
- e) No construction projects with a total cost of at least \$65,000 approved by the Board that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

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

Additional Matters

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

Purpose of this Letter

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

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



Fort Walton Beach, Florida
April 29, 2026