CITY OF ST. AUGUSTINE BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

CITY OF ST. AUGUSTINE BEACH, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2025

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position 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 of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
March 11, 2026

As management of the City of St. Augustine Beach (the City), we offer readers of the City of St. Augustine Beach's financial statements this narrative overview and analysis of the finance activities of the City of St. Augustine Beach for the fiscal year ended September 30, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $39,047,061 (net position). The government's total net position increased by $2,433,890.
- As of the close of the current fiscal year, the City of St. Augustine Beach's governmental funds reported a combined ending fund balance of $14,359,429 an increase of $988,111. The unassigned General Fund balance available for spending at the City's discretion is $6,572,420.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of St. Augustine Beach's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the balance reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment (solid waste), human services, transportation, and culture recreation. The City currently does not have any functions that would be classified as business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of St. Augustine Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The City maintains five major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, stormwater fund, debt service fund, impact fee fund, and ARPA fund.

The City of St. Augustine Beach adopts annual appropriated budgets for all funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 of St. Augustine Beach, assets and deferred outflows exceeded liabilities and deferred inflows by $39,047,061 or a 6.6% increase at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior years. For more detail see the Statement of Net Position on page 10.

Condensed Statement of Net Position

	2025	2024
Current and Other Assets	$ 14,866,281	$ 14,027,868
Capital Assets	36,647,953	35,926,474
Total Assets	51,514,234	49,954,342
Deferred Outflows of Resources	1,632,567	1,967,150
Long-term Liabilities Outstanding	12,421,698	13,955,591
Other Liabilities	570,045	728,636
Total Liabilities	12,991,743	14,684,227
Deferred Inflows of Resources	1,107,997	624,094
Net Position:		
Net Investment in Capital Assets	31,616,424	30,240,618
Restricted	3,509,623	2,954,401
Unrestricted	3,921,014	3,418,152
Total Net Position	$ 39,047,061	$ 36,613,171

At the end of the current fiscal year, the government's liabilities decreased by $1,692,484 or 11.5%. At the end of the current fiscal year, the government's assets increased by $1,559,892 or 3.1% which can be attributed to an increase in Cash and Cash Equivalents of $1,021,496 and Capital Assets of $721,479. The major capital assets added were drainage projects on Magnolia Dunes and Ocean Walk, Paving projects on 10th, 11th, and 12th Streets, as well as Lake Shore Drive. These projects are still in process, along with the vulnerability assessment to determine further drainage improvements, and account for approximately $626,528 of capital increase.

Eighty-one percent (81%) of the City's net position reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, 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 of St. Augustine Beach's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of St. Augustine Beach's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net Position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net position increased by $2,433,890 in the current fiscal year. The following table reflects the condensed Statement of Activities for the current and prior years. See page 11 for more detail. Operating expenses increased over prior year in all categories except Transportation and Interest on Long-term Debt. Public Safety increases were due to Law Enforcement's addition of one staff member and the payout of a long-term employee who left the department. Physical Environment increased due to facility repairs and the purchase of a new garbage truck. Culture and Recreation also made capital repairs and improvements to parks within the city. With the addition of a new stormwater fund, the expenses for drainage repair projects have been moved out of transportation, reflecting in a decrease over prior year and a new line item for stormwater. Overall, the total of the two departments reflects an increase over prior year due to additional capital drainage, paving, and parking projects.

Condensed Statement of Activities

	2025	2024
Revenues:		
Program Revenues:		
Charges for Services	$ 3,033,376	$ 2,216,541
Operating Grants and Contributions	333,948	241,356
Capital Grants and Contributions	761,008	1,118,017
General Revenues:		
Property Taxes	5,310,322	5,274,505
Other Taxes	3,138,066	3,077,306
Other	426,049	459,475
Total Revenues	13,002,769	12,387,200
Expenses:		
General Government	2,464,859	2,438,498
Public Safety	4,433,002	3,998,612
Physical Environment	1,642,478	1,533,372
Stormwater	416,125	-
Transportation	972,394	1,202,149
Culture and Recreation	490,960	406,431
Interest on Long-term Debt	149,061	175,377
Total Expenses	10,568,879	9,754,439
Change in Net Position	2,433,890	2,632,761
Net Position - October 1	36,613,171	33,980,410
Net Position - September 30	$ 39,047,061	$ 36,613,171

Financial Analysis of the 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 of St. Augustine Beach's financing requirements. Unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of September 30, 2025, fund balances were $14,359,429, an increase of $988,111 in comparison with the prior year. This includes $6,572,420 in Unassigned Fund Balance for the General Fund which would be available for spending at the City's discretion.

The General Fund's fund balance increased by $823,542, from $6,442,141 to $7,265,683. The increase in fund balance is a result of excess revenues over expenditures due to project modifications resulting in savings.

The Debt Service fund has a fund balance of $3,892,439. This is a decrease of $284,004 in comparison with the prior year. The revenues are generated from voted debt millage of 0.0887 mills which was decreased from prior year at 0.30 mills. Transfers from General Fund were also made per the requirement to budget and appropriate funds for the 2016A, 2016B, and 2016D revenue bonds. The voted debt millage is set to sunset in 2028, at which time a portion of the fund balance will satisfy the remaining debt service payments for the 2009 and 2016C revenue bonds.

The Stormwater Fund is new beginning this fiscal year and has a fund balance of $121,296. These funds are restricted for drainage projects within the City.

The Impact Fee fund's fund balance increased by $181,383, from $1,360,267 to $1,541,650. This is due to additional impact fees collected and no current projects for this fiscal year.

The ARPA grant program balance decreased from $752,680 to $661,195 in the current year. The ARPA Fund was established in 2022 to account for funds received under the ARPA grant program and the program ends in calendar year 2026 with funds being utilized for City capital projects.

The Nonmajor Governmental Funds category is comprised of the Road and Bridge Fund. The total fund balance of the Road and Bridge Fund is $877,166 as compared with the prior year balance of $639,787. This increase was due to the receipt of Local Option Gas Tax revenues and interest on cash and cash equivalents, as well as investments.

Budgetary Highlights

The City continues monitoring the status of intergovernmental revenues during the first quarter of the fiscal year. As is typical, the budget is reevaluated at the six-month mark and adjusted where necessary.

General Fund

A comparison of the budget versus actual for the General Fund can be found on page 39. As of September 30, 2025, the City received less than the overall budgeted amount for revenues and spent less than the budgeted amount for expenditures, resulting in an excess of revenues over expenditures in the amount of $1,476,234.

Stormwater Fund

The City established a stormwater utility fund in fiscal year 2025 as a means of implementing and otherwise carrying out the functional requirements of the City's stormwater management system to construct or acquire stormwater improvements and provide stormwater management services. The City will fund the cost of providing stormwater management services and capital facilities of stormwater management through stormwater assessments. Details of the budget versus actual for the Stormwater Fund can be found on page 40. As of September 30, 2025, the fund balance is $121,296.

Capital Assets

The City's investment in capital assets as of September 30, 2025, amounts to $36,647,953 (net of accumulated depreciation). See Note 6 for details. Capital assets include land, buildings and improvements, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets net of depreciation for the current fiscal year was 2.0%. The increase is due to drainage improvement projects started in the current fiscal year, infrastructure projects that were completed, three police vehicles, one tractor, a garbage truck and two replacement vehicles in public works, IT infrastructure, and building improvements to include storefront window replacements and bollards at building C, and an AC at City Hall. The City also utilized ARPA funds for the purchase of two vehicles, one in law enforcement and one in public works.

Debt Administration

The City decreased its notes and bonds payable during the current fiscal year by $584,560 due to its normally scheduled debt service payments, which is a decrease of 10.6% percent. Leases payable decreased by $69,767 due to normal lease payments made during the year as noted on page 29 of the Financial Statements. See Notes 7 through 9 for details.

Economic Factors

The City continues to monitor the impacts on the local economy, as well as state revenues. The City recognizes the increase in the cost of living impacts to the community and its employees and will continue to monitor the situation for future developments.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all of 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 Finance Director, 2200 A1A South, St. Augustine Beach, Florida 32080.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 11,179,430
Investments	2,767,910
Receivables, net	226,749
Due from other governments	567,368
Inventories	4,694
Prepaids	120,130
Capital assets:	
Non-depreciable capital assets	15,313,976
Other capital assets, net of depreciation	21,333,977
Total assets	51,514,234
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,632,567
Total deferred outflows of resources	1,632,567
LIABILITIES	
Accounts payable	239,457
Accrued payroll and employee benefits	240,708
Customer deposits	2,100
Unearned revenue	382
Due to other governments	24,205
Accrued interest payable	63,193
Noncurrent liabilities:	
Due within one year:	
Bonds and notes payable	623,872
Leases	44,248
Subscription liability	12,493
Compensated absences	71,987
Due in more than one year:	
Bonds and notes payable	4,311,001
Leases	52,408
Subscription liability	44,730
Compensated absences	407,925
Total OPEB liability	996,724
Net pension liability	5,856,310
Total liabilities	12,991,743
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,107,997
Total deferred inflows of resources	1,107,997
NET POSITION	
Net investment in capital assets	31,616,424
Restricted for:	
Capital expansion	1,541,650
Stormwater	121,296
Transportation	877,166
Tree conservation	102,661
Law enforcement - forfeiture and seizure	64,216
Building code enforcement	401,562
Debt service	401,072
Unrestricted	3,921,014
Total net position	$ 39,047,061

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

CITY OF ST. AUGUSTINE BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense)
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Revenue and Changes in Net Position**
Governmental activities:					
General government	$ 2,464,859	$ 9,983	$ -	$ 430,994	$ (2,023,882)
Public safety	4,433,002	922,359	16,920	5,128	(3,488,595)
Physical environment	1,642,478	1,221,062	162,222	167,366	(91,828)
Stormwater	416,125	796,573	-	-	380,448
Transportation	972,394	76,925	69,706	152,117	(673,646)
Culture and recreation	490,960	6,474	85,100	5,403	(393,983)
Interest on long-term debt	149,061	-	-	-	(149,061)
Total governmental activities	$ 10,568,879	$ 3,033,376	$ 333,948	$ 761,008	(6,440,547)
	General revenues:				
	Property taxes				5,310,322
	Sales and use taxes				1,194,465
	Franchise and utility taxes				663,919
	Public service taxes				883,805
	Other taxes and fees				395,877
	Investment earnings (loss)				364,531
	Miscellaneous revenues				42,277
	Gain on sale of capital asset				19,241
	Total general revenues				8,874,437
	Change in net position				2,433,890
	Net position - beginning				36,613,171
	Net position - ending				$ 39,047,061

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

CITY OF ST. AUGUSTINE BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Stormwater Fund	Debt Service	Impact Fee	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 3,957,294	$ 131,053	$ 3,428,125	$ 1,536,596	$ 834,353	$ 827,744	$ 10,715,165
Cash with fiscal agent	-	-	464,265	-	-	-	464,265
Investments	2,758,989	-	-	-	-	8,921	2,767,910
Receivables, net	226,749	-	-	-	-	-	226,749
Due from other governments	567,319	-	49	-	-	-	567,368
Due from other funds	184,300	8,650	-	25,154	-	40,501	258,605
Inventories	4,694	-	-	-	-	-	4,694
Prepaid items	120,130	-	-	-	-	-	120,130
Total assets	$ 7,819,475	$ 139,703	$ 3,892,439	$ 1,561,750	$ 834,353	$ 877,166	$ 15,124,886
LIABILITIES							
Accounts payable	$ 232,192	$ 7,265	$ -	$ -	$ -	$ -	$ 239,457
Accrued liabilities	240,708	-	-	-	-	-	240,708
Unearned revenue	382	-	-	-	-	-	382
Due to other governments	4,105	-	-	20,100	-	-	24,205
Due to other funds	74,305	11,142	-	-	173,158	-	258,605
Customer deposits	2,100	-	-	-	-	-	2,100
Total liabilities	553,792	18,407	-	20,100	173,158	-	765,457
FUND BALANCES							
Nonspendable:							
Inventories	4,694	-	-	-	-	-	4,694
Prepaid items	120,130	-	-	-	-	-	120,130
Restricted for:							
Capital expansion	-	-	-	1,541,650	-	-	1,541,650
Stormwater	-	121,296	-	-	-	-	121,296
Transportation	-	-	-	-	-	877,166	877,166
Tree conservation	102,661	-	-	-	-	-	102,661
Law enforcement - forfeiture and seizure	64,216	-	-	-	-	-	64,216
Building code enforcement	401,562	-	-	-	-	-	401,562
Debt service	-	-	464,265	-	-	-	464,265
Assigned to:							
Capital projects	-	-	-	-	661,195	-	661,195
Debt service	-	-	3,428,174	-	-	-	3,428,174
Unassigned	6,572,420	-	-	-	-	-	6,572,420
Total fund balances	7,265,683	121,296	3,892,439	1,541,650	661,195	877,166	14,359,429
Total liabilities and fund balances	$ 7,819,475	$ 139,703	$ 3,892,439	$ 1,561,750	$ 834,353	$ 877,166	$ 15,124,886

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

CITY OF ST. AUGUSTINE BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds		$ 14,359,429
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 funds		
Total governmental capital assets	48,822,113	
Less: accumulated depreciation	(12,174,160)	36,647,953
On the governmental fund statements, a net pension liability is not recorded until an amount is legally due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(5,856,310)	
Deferred outflows related to pensions	1,632,567	
Deferred inflows related to pensions	(1,107,997)	(5,331,740)
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability.		
Total OPEB liability		(996,724)
Long-term liabilities, including bonds payable, notes payable, and leases are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Bonds and notes payable	(4,934,873)	
Leases payable	(96,656)	
Subscription liability	(57,223)	
Accrued interest payable	(63,193)	
Compensated absences	(479,912)	(5,631,857)
Net position of governmental activities		$ 39,047,061

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

CITY OF ST. AUGUSTINE BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General	Stormwater Fund	Debt Service	Impact Fee	Formerly Nonmajor Fund ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	$ 6,444,117	$ -	$ 181,975	$ -	$ -	$ 236,980	$ 6,863,072
Licenses and permits	1,106,455	-	-	180,235	-	-	1,286,690
Intergovernmental	1,678,306	796,573	-	-	-	167,366	2,642,245
Charges for services	1,756,324	-	-	-	-	-	1,756,324
Fines and forfeitures	25,144	-	-	-	-	-	25,144
Interest revenues (losses)	341,630	-	-	1,148	21,354	399	364,531
Miscellaneous	45,522	-	-	-	-	-	45,522
Total revenues	11,397,498	796,573	181,975	181,383	21,354	404,745	12,983,528
Expenditures							
Current:							
General government	2,254,630	-	-	-	-	-	2,254,630
Public safety	4,261,737	-	-	-	-	-	4,261,737
Physical environment	979,643	-	-	-	-	-	979,643
Transportation	993,370	-	-	-	-	-	993,370
Stormwater utility	-	416,125	-	-	-	-	416,125
Culture and recreation	404,327	-	-	-	-	-	404,327
Capital outlay	1,577,777	259,152	-	-	112,839	-	1,949,768
Debt service	148,557	-	585,770	-	-	167,366	901,693
Total expenditures	10,620,041	675,277	585,770	-	112,839	167,366	12,161,293
Excess (deficiency) of revenues over expenditures	777,457	121,296	(403,795)	181,383	(91,485)	237,379	822,235
Other financing sources (uses)							
Transfers in	-	-	119,791	-	-	-	119,791
Transfers out	(119,791)	-	-	-	-	-	(119,791)
Leases and SBITAs issued	146,635	-	-	-	-	-	146,635
Sale of capital assets	19,241	-	-	-	-	-	19,241
Total other financing sources (uses)	46,085	-	119,791	-	-	-	165,876
Net change in fund balances	823,542	121,296	(284,004)	181,383	(91,485)	237,379	988,111
Fund balances, beginning of year, as previously reported	6,442,141	-	4,176,443	1,360,267	-	1,392,467	13,371,318
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	752,680	(752,680)	-
Fund balances, beginning of year, as restated	6,442,141	-	4,176,443	1,360,267	752,680	639,787	13,371,318
Fund balances, end of year	$ 7,265,683	$ 121,296	$ 3,892,439	$ 1,541,650	$ 661,195	$ 877,166	$ 14,359,429

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

CITY OF ST. AUGUSTINE BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds		$ 988,111
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures	1,949,768	
Depreciation expense	(1,228,289)	721,479
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond, note, and lease principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal paid on general long-term debt	732,848	
Amortization of debt premium	10,891	
Issuance of governmental long-term debt	(146,635)	597,104
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.		
Changes in net pension liability and deferred inflows/outflows related to pensions		389,125
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:		
Change in accrued interest on long-term debt		8,893
Changes in total OPEB liability		(227,931)
Change in compensated absences liability		(42,891)
Change in net position of governmental activities		$ 2,433,890

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

(1) Summary of Significant Accounting Policies:

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

(a) **Reporting entity**—The City was constituted a municipality on June 20, 1959, under the provisions of Chapter 59-1790, Laws of Florida, Acts of 1959. The City operates under a commission/manager form of government and provides the following services as authorized by its charter: law enforcement, planning and zoning, code enforcement, building inspection, solid waste collections, road and right-of-way maintenance, maintenance of City buildings, drainage and storm water management, and street lighting.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Commission of the City, the reporting entity of government for which the City Commission is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements. No such entities or component units have been identified.

(b) **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. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City has no business-type activities.

The government-wide statement of activities reflects both the gross and net costs per functional category (e.g., public safety, physical environment, etc.), which are otherwise being supported by general government revenues (e.g., property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (e.g., property, sales taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds of the City.

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan.

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

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement, a reconciliation is presented on the page following the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, which briefly explains the adjustments necessary to transform the fund-based financial statements into the government-wide presentation. As a general rule, the effect of interfund City activities has been eliminated from the government-wide financial statements.

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

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

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 pensions, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under leases are reported in other financing sources.

(d) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of all funds combined) for the determination of major funds.

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

The City reports the following major governmental funds:

The ***General Fund*** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City are financed through revenues received by the General Fund.

The ***Stormwater Fund*** is a special revenue fund used to account for the City's stormwater utility activities, including the operation, maintenance, and improvement of the stormwater drainage system and related infrastructure.

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

The ***Impact Fee Fund*** is a capital project fund used to account for accumulation of resources provided by impact fees, and the uses of those resources.

The ***American Rescue Plan Act (ARPA) Fund*** is a capital project fund used to account for the receipt and expenditure of ARPA funding to support the City's recovery from the COVID-19 pandemic.

Additionally, the City reports the following nonmajor fund and fund type:

The ***Road and Bridge Fund*** is a special revenue fund used to account for and report activities of the Road and Bridge Department. Resources are primarily provided by gas taxes and intergovernmental revenue.

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

i. Prior to September 1st, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.

ii. Budget workshop sessions are scheduled by the City Commission, as needed.

iii. A general summary of the budget and notice of public hearing is published in a local newspaper.

iv. Prior to October 1st, the budget is legally enacted through passage of an ordinance.

v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.

vi. The City Manager may make transfers within a department as long as the total budget for the department is not increased, and the legal level of control is $15,000. Transfers of appropriations between departments require the approval of the Commission. The City's Ordinance establishes the level at which expenditures may not exceed appropriations at the department level.

vii. Every appropriation lapses at the close of the fiscal year.

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

The budgets for governmental funds that were either adopted or amended during the year by the City Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. Each of the City's governmental funds have legally adopted budgets.

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

(g) **Cash deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The City's investments in external investment pools are reported at amortized cost.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed; therefore, these amounts are fully allowed for and no provision for taxes receivable has been made on the City's financial statements.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. Capital assets are defined by the City as assets with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and Improvements	10 - 40 years
Machinery Equipment	5 - 40 years
Infrastructure	40 - 90 years

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

(j) **Compensated absences**—Since the liability for employees' leave time will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide financial statements.

(k) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities, net of any outstanding premiums or discounts. Debt issuance costs are expensed when paid.

(l) **Leases and SBITAs**—The City leases certain vehicles and determines if an arrangement is a lease at inception. The City recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. Leases where the maximum possible lease term(s) is non-cancelable by both lessee and lessor and is more than 12 months will not be considered short-term. RTU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the City's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The City's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The City accounts for subscription-based information technology arrangements (SBITAs) in accordance with GASB Statement No. 96. At the commencement of a subscription term, the City recognizes a subscription liability and a corresponding right-to-use subscription asset. The subscription liability is measured at the present value of subscription payments using the interest rate charged by the vendor or the City's incremental borrowing rate. The subscription asset is amortized on a straight-line basis over the subscription term. Short-term SBITAs (12 months or less) are expensed as incurred.

(m) **Inventory and prepaids**—Inventory is valued at cost under the first-in, first-out method and is accounted for using the consumption method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, 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. Currently, the only item in this category consisted of deferred amounts related to pensions as discussed further in Note (11).

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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred amounts related to pensions, as discussed further in Note (11).

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

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (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 such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property held for sale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission or the City Manager.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, it is the City’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

(q) **Implementation of new accounting standards**—GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences, which include leave for vacation, holidays, sick time, or other paid time off.

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

The Statement establishes a unified model for recognizing a compensated absence liability when leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or paid to the employee. This guidance replaces prior provisions under GASB Statement No. 16. The City implemented this Statement and its various provisions during the year ended September 30, 2025, with an effective date of reporting periods beginning after December 15, 2023. There was no effect on opening net position related to the implementation.

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

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

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

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and to permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2025, the operating and debt service millage rates assessed by the City were 2.50 and 0.0887, respectively.

The City tax calendar is as follows:

Lien Date:	January 1
Levy Date:	October 1
Discount Period	November-February
Delinquent Date	April 1

(4) **Cash Deposits and Investments:**

The City maintains cash and investment accounts for various other purposes or to segregate cash balances for amounts which are restricted or held on behalf of others. The City's investment policy authorizes the City to invest excess funds in time deposits, mutual funds, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, repurchase agreements, intergovernmental investment pools, and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool (Florida PRIME).

(4) **Cash Deposits and Investments:** (Continued)

As of September 30, 2025, all City cash deposits were held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act* (the Act), and, accordingly, are entirely insured by Federal Depository Insurance Corporation (FDIC) insurance or collateralized pursuant to the Act. The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125%, may be required if deemed necessary. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney. Under the Act, the City is authorized to deposit funds only in qualified public depositories.

The City invests temporarily idle resources in the Florida Prime Investment Pool (Florida PRIME), Florida Local Government Investment Trust (FLGIT) and Florida Safe Investment Pool (FLSAFE). Florida PRIME is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME, FLGIT and FLSAFE are similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Codification Section I50, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME, FLGIT, or FLSAFE; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

As of September 30, 2025, the Florida PRIME, FLGIT and FLSAFE had weighted average maturities of 47 days, 32 days, and 38 days, respectively. The City held no assets or investments carried at fair value at September 30, 2025.

As of September 30, 2025, the City's governmental investment portfolio is composed of the following investments:

Investment	Credit Quality Rating	Carrying Value
Florida PRIME	AAAm (S&P)	$ 2,133,384
FLGIT Day to Day	AAAm (Fitch)	$ 62,090
FLSAFE	AAAm (S&P)	$ 572,436

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. To limits its exposure to fair value losses arising from increases in interest rates, the City prohibits direct investment in U.S. government securities or repurchase agreements maturing more than seven years from the date of purchase and in time deposits maturing more than one year from the date of purchase There were no investments in the City's portfolio that exceeded this maximum maturity at September 30, 2025.

(4) **Cash Deposits and Investments:** (Continued)

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's investment policy utilizes portfolio diversification in order to limit investments to governmental funds and securities backed by state and federal governments, and mutual funds with a minimum credit rating of AAAm by Standard & Poor's (S&P) or an equivalent.

The City's portfolio is held entirely with public depositories and is invested in SBA, FLGIT and FLSAFE funds, as described above.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's adopted investment policy follows the investment policies set forth in Florida Statutes, Chapter 218.

In addition to describing the credit risk of investments in the portfolio, governmental entities will need to disclose the concentration of credit risk with a single issuer, if 5 or more percent of the total assets of the portfolio are invested with one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements.

Custodial Credit Risk: All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2025, the City's investment of $2,133,384 in Florida PRIME funds, $62,090 in FLGIT funds, and $572,436 in FLSAFE funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

(5) **Accounts Receivable:**

The City's receivables consist of $226,749 at September 30, 2025, all of which was included in the general fund and governmental activities. There was no allowance for doubtful accounts at September 30, 2025. The City also recorded $567,368 in amounts due from other governments at September 30, 2025.

(6) Capital Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 14,339,580	$ -	$ -	$ 14,339,580
Construction in progress	1,250,008	336,000	(611,612)	974,396
Total assets not being depreciated	15,589,588	336,000	(611,612)	15,313,976
Capital assets being depreciated:				
Machinery and equipment	5,473,052	970,432	(93,157)	6,350,327
Buildings and improvements	6,678,507	70,997	-	6,749,504
Infrastructure	18,548,376	1,117,232	-	19,665,608
Right-to-use leased equipment	675,979	-	-	675,979
Subscription asset	-	66,719	-	66,719
Total assets being depreciated	31,375,914	2,225,380	(93,157)	33,508,137
Less Accumulated Depreciation for:				
Machinery and equipment	(3,190,113)	(472,346)	93,157	(3,569,302)
Buildings and improvements	(3,189,192)	(216,436)	-	(3,405,628)
Infrastructure	(4,390,131)	(439,830)	-	(4,829,961)
Total accumulated depreciation	(10,769,436)	(1,128,612)	93,157	(11,804,891)
Less Accumulated Amortization for:				
Right-to-use leased equipment	(269,592)	(87,019)	-	(356,611)
Subscription asset	-	(12,658)	-	(12,658)
Total accumulated amortization	(269,592)	(99,677)	-	(369,269)
Total capital assets being depreciated, net	20,336,886	997,091	-	21,333,977
Governmental activities capital assets, net	$ 35,926,474	$ 1,333,091	$ (611,612)	$ 36,647,953

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	$ 211,130
Public safety	271,581
Physical environment	659,331
Transportation	2,714
Culture and recreation	83,533
Total depreciation and amortization expense – governmental activities	$ 1,228,289

(7) Leases:

The City has entered into certain lease agreements as a lessee for various vehicles as follows: one garbage truck in the 2019 fiscal year, three police vehicles in the 2021 fiscal year, one recycle truck, two police vehicles in the 2022 fiscal year, and two copiers in the 2024 fiscal year. The lease agreements qualify as leases under GASB Codification Section L20, *Leases*, and have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through leases are reported as right-to-use assets as follows:

Leased assets being amortized:		
Leased vehicles	$	675,979
Accumulated amortization		(356,611)
Total leased assets, net of accumulated amortization	$	319,368

The City made $69,767 of fixed payments on a quarterly or annual basis during the year ended September 30, 2025. Interest rates are as stated in the respective lease agreements and range from 1.46% to 9.50%. The principal and interest requirements to maturity for the lease liability as of September 30, 2025, are as follows:

Year Ending September 30	Principal	Interest	Total
2026	$ 44,248	$ 2,610	$ 46,858
2027	45,316	1,542	46,858
2028	6,031	416	6,447
2029	1,061	13	1,074
Total	$ 96,656	$ 4,581	$ 101,237

(8) Subscription Liabilities:

The City has entered into a subscription agreement as a lessee for Axon body cameras in the 2025 fiscal year. The subscription arrangement qualifies as SBITA under GASB Section S80, *Subscription-Based Information Technology Arrangements*, and has been recorded at the present value of future subscription payments as of the commencement date.

The asset obtained through the subscription arrangement is reported as a right-to-use subscription asset as follows:

Subscription asset being amortized:		
Axon body camera subscription	$	66,719
Accumulated amortization		(12,658)
Total subscription asset, net of accumulated amortization	$	54,061

(8) **Subscription Liabilities:** (Continued)

The City made $9,496 of fixed payments on an annual basis during the year ended September 30, 2025. The City's incremental borrowing rate was calculated at 8.75% at September 30, 2025, and was the discount rate utilized for the subscription liability. The principal and interest requirements to maturity for the subscription liability as of September 30, 2025, are as follows:

Year Ending September 30	Principal	Interest	Total
2026	$ 12,493	$ 5,213	$ 17,706
2027	13,631	4,075	17,706
2028	14,872	2,834	17,706
2029	16,227	1,479	17,706
Total	$ 57,223	$ 13,601	$ 70,824

(9) **Long-Term Debt:**

Notes and bonds payable at September 30, 2025, are comprised of the following:

$61,160 financed purchase of tasers for the City Police Department at a 0.00% interest rate. Principal payments are due annually on November 1 each year until final maturity on November 1, 2025. The financing is payable from ad valorem revenues. During 2025, $5,310,322 in ad valorem revenues were recognized and $10,560 were paid for debt service.	$ 10,560
$60,458 financed purchase of phones for the City at a 6.00% interest rate. Principal and interest payments are due monthly until final maturity on September 30, 2028. The financing is payable from ad valorem revenues. During 2025, $5,310,322 in ad valorem revenues were recognized and $8,482 were paid for debt service.	23,234
$2,508,562 Department of Environmental Protection note payable, used to connect approximately 620 residential units to the St. Johns County Utility System, at an interest rate of 2.92%. Principal and interest payments of $83,683 are payable semiannually on January 15 and July 15 through July 15, 2032. Repayment of the loan balance is secured by revenue received from St. Johns County equal to the semiannual debt service payment to the City as each payment becomes due. See Note (14) for further discussion of this activity.	984,361
$5,350,000 Series 2009 Florida Municipal Loan Council Revenue Bonds, issued to purchase land at a fixed rate of interest of 5.37%. Interest payments are payable semiannually on January 1 and July 1. Principal payments are due annually on July 1 each year until final maturity on July 1, 2029. The bond issue is payable from and secured by certain ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $263,521. During 2025, $181,975 in ad valorem revenues were recognized and $65,880 were paid for debt service.	231,615

(9) **Long-Term Debt:** (Continued)

$1,460,000 Series 2016A Florida Municipal Loan Council Refunding and Improvement Bonds, issued for the purchase of land and capital improvements at interest rates ranging from 2.00% to 5.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2046. The bond issue is payable from and secured by non-ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $1,664,688. During 2025, $7,673,206 in non-ad valorem revenues were recognized and $78,750 were paid for debt service.	$	1,190,000
$1,610,000 Series 2016B Florida Municipal Loan Council Refunding and Improvement Bonds, issued for the purchase of land and capital improvements at interest rates ranging from 2.00% to 4.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2028. The bond issue is payable from and secured by certain ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $627,175. During 2025, $181,975 in ad valorem revenues were recognized and $158,294 were paid for debt service.		595,000
$1,920,000 Series 2016C Florida Municipal Loan Council Refunding and Improvement Bonds, issued for a current refunding of Series 2004A Florida Municipal Loan Council Revenue Bonds, at interest rates ranging from 2.00% to 5.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2034. The bond issue is payable from and secured by non-ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $1,392,275. During 2025, $7,673,206 in non-ad valorem revenues were recognized and $141,944 were paid for debt service.		1,185,000
$1,430,000 Series 2016D Florida Municipal Loan Council Refunding and Improvement Bonds, issued for a current refunding of Series 2010AA Florida Municipal Loan Council Revenue Bonds, at interest rates ranging from 2.00% to 5.00%. Interest payments are payable semiannually on April 1 and October 1. Principal payments are due annually on October 1 each year until final maturity on October 1, 2029. The bond issue is payable from and secured by non-ad valorem revenues and the approximate amount of the pledge is equal to the remaining principal and interest of $654,381. During 2025, $7,673,206 in non-ad valorem revenues were recognized and $131,969 were paid for debt service.		600,000
Notes and bonds payable at September 30, 2025		4,856,183
Add: unamortized bond premiums		78,690
Less: current portion of bonds and notes payable		(623,872)
Total long-term debt, governmental activities	$	4,311,001

The City was in compliance with all applicable debt covenants as of and for the year ended September 30, 2025.

(9) **Long-Term Debt:** (Continued)

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

Year Ending September 30,	Principal	Interest	Total
2026	$ 623,872	$ 149,788	$ 773,660
2027	626,463	132,469	758,932
2028	639,982	114,150	754,132
2029	650,170	93,918	744,088
2030	441,802	71,639	513,441
2031-2035	1,123,894	197,556	1,321,450
2036-2040	280,000	99,875	379,875
2041-2045	325,000	50,619	375,619
2046-2047	145,000	4,794	149,794
Total	$ 4,856,183	$ 914,808	$ 5,770,991

For the fiscal year ended September 30, 2025, a summary of the long-term liability transactions for the City is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes and bonds payable	$ 5,429,852	$ 79,916	$ (653,585)	$ 4,856,183	$ 623,872
Plus: Original issue premium	89,581	-	(10,891)	78,690	-
Total notes and bonds payable	5,519,433	79,916	(664,476)	4,934,873	623,872
Leases	166,423	-	(69,767)	96,656	44,248
Subscription liabilities	-	66,719	(9,496)	57,223	12,493
Compensated absences	437,021	42,891	-	479,912	71,987
Governmental activities – Total long-term liabilities	$ 6,122,877	$ 189,526	$ (743,739)	$ 5,568,664	$ 752,600

(10) **Interfund Loans, Advances, Fees and Transfers:**

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2025, are comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund	$ 184,300	$ 74,305
Road and Bridge Fund	40,501	-
Impact Fee Fund	25,154	-
ARPA Fund	-	173,158
Stormwater Fund	8,650	11,142
Total – All Funds	$ 258,605	$ 258,605

(10) **Interfund Loans, Advances, Fees and Transfers:** (Continued)

For the year ended September 30, 2025, interfund transfers consisted of the following:

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	$ -	$ 119,791
Debt Service Fund	119,791	-
Total – All Funds	$ 119,791	$ 119,791

The transfer from the general fund to the debt service fund represents the requirements for debt service payments.

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:**

A. **Florida Retirement System**

Plan Description and Administration

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service.

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date.

The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

Contributions

The City participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2025	After June 30, 2025
Regular Class	13.63%	14.03%
Senior Management (SMSC)	34.52%	33.24%
Special Risk	32.79%	35.19%
Elected Official Class	58.68%	54.57%
DROP from FRS	21.13%	22.02%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2025, actual contributions made for employees participating in FRS and HIS were as follows:

City Contributions – FRS	$	886,850
City Contributions – HIS		86,921
Employee Contributions – FRS		130,832

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2025, the City reported a net pension liability related to FRS and HIS as follows:

FRS	$	4,609,772
HIS		1,246,538
Total	$	5,856,310

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 that date. The City's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and 2024, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2025	2024
FRS	0.014853399%	0.014483686%
HIS	0.009725322%	0.009739033%

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

For the year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	$	549,480
HIS		47,804
Total	$	597,284

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 492,372	$ -	$ 7,441	$ (1,977)
Changes of assumptions	535,314	-	11,033	(301,505)
Net difference between projected and actual investment earnings	-	(769,648)	-	(1,038)
Change in proportionate share	261,363	(27,796)	93,157	(6,033)
Contributions subsequent to measurement date	212,020	-	19,867	-
Total	$ 1,501,069	$ (797,444)	$ 131,498	$ (310,553)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2026	$ 815,073	$ (39,488)	$ 775,585
2027	(41,469)	(49,506)	(90,975)
2028	(145,899)	(40,934)	(186,833)
2029	(136,100)	(38,697)	(174,797)
2030	-	(30,297)	(30,297)
Thereafter	-	-	-
	$ 491,605	$ (198,922)	$ 292,683

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The 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 calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equities	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%
Total	100.0%	

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	$ 9,046,606	$ 4,609,772	$ 888,994
HIS	5.20%	1,405,672	1,246,538	1,113,075

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

B. **Other Post-Employment Benefits (OPEB):**

Plan Description

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

Funding Policy

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

Benefits Provided

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

Plan Membership

At September 30, 2023, the date of the latest actuarial valuation, plan participation consisted of 72 covered individuals, including one inactive employee or beneficiary and 71 active employees. Plan participation does not include any inactive employees entitled to but not yet receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Discount rate	4.06%
Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rate	6.75% in fiscal 2025, grading down to the ultimate trend rate of 4.00% in fiscal 2075.
Disability Rates	Wyatt 1985 Disability Study; Class 1 for General employees and Class 4 for Special Risk employees.
Retirees' share of benefit-related costs	100.00%

(11) **Employees' Retirement Plans and Other-Postemployment Benefits:** (Continued)

The City does not a have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2024.

Mortality rates were based on the PUB-2010 Mortality Table (without income adjustment) for general and public safety employees, with full generational improvements in mortality using Scale MP-2021.

Total OPEB Liability

The City's total OPEB liability of $996,724 was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2023, utilizing the Alternative Measurement Method for small plans. Therefore, no deferred inflows or deferred outflows are recorded. For the year ended September 30, 2025, the City recognized OPEB expense of $257,830.

Changes in the OPEB liability for the fiscal year ended September 30, 2025, were as follows:

	Total OPEB Liability
Balance at September 30, 2024	$ 768,793
Changes for a year:	
Service cost	126,469
Interest	42,979
Differences between expected and actual experience	-
Changes of assumptions	84,262
Benefit payments – implicit rate subsidy	(25,779)
Net changes	227,931
Balance at September 30, 2025	$ 996,724

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

The following presents the total OPEB liability of the City calculated using the discount rate of 4.06%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.06%) or 1% higher (5.06%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 1,113,711	$ 996,724	$ 893,949

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

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%, graded down to 3.00%) or 1% higher (8.00%, graded down to 5.00%) than the current healthcare cost trend rates (7.00%, graded down to 4.00%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 848,634	$ 996,724	$ 1,178,708

(12) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. During 2025, there were no significant reductions in insurance coverage from the previous year or any settlements in excess of insurance coverage in the current year or the prior three years.

The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(13) **Commitments and Contingencies:**

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

(14) **Interlocal Agreement:**

Through the Department of Environmental Protection's State Revolving Loan Program, the City obtained funding in September 2009 to connect approximately 620 residential units in seven neighborhoods to the St. Johns County Utility System.

The City contracted with St. Johns County to extend their current utility system into these neighborhoods. The new lines are in place and will be both operated and maintained by St. Johns County. The City is the owner of the new utility lines until such time as the debt instrument that has been used to finance the project has been retired, upon which the ownership shall vest solely with St. Johns County. St. Johns County will share the revenues generated from the new utility connections with the City in an amount equal to the debt service on the City's loans not forgiven, as it becomes due and payable.

(15) **Recent Accounting Pronouncements:**

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

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

(15) **Recent Accounting Pronouncements:** (Continued)

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

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 is to improve financial reporting requirements for subsequent events by clarifying the subsequent events time frame, distinguishing between recognized and nonrecognized subsequent events, and enhancing consistency and transparency in related disclosures. The provisions are effective for fiscal years beginning after June 15, 2026.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
REVENUES				
Taxes	$ 6,336,129	$ 6,336,129	$ 6,444,117	$ 107,988
Licenses and permits	1,135,643	1,135,643	1,106,455	(29,188)
Intergovernmental	2,288,490	2,325,490	1,678,306	(647,184)
Charges for services	1,694,672	1,694,672	1,756,324	61,652
Fines and forfeitures	37,000	37,000	25,144	(11,856)
Interest revenues	215,000	238,000	341,630	103,630
Miscellaneous	10,000	21,500	45,522	24,022
Total revenues	11,716,934	11,788,434	11,397,498	(390,936)
Expenditures				
Current:				
General government:				
Legislative	119,085	119,086	106,069	13,017
Executive	233,009	233,009	229,792	3,217
Finance	1,154,272	1,152,660	1,078,749	73,911
Comp planning	278,039	277,636	262,231	15,405
Other general government	801,069	800,269	671,830	128,439
Public safety:				
Police	3,838,367	4,016,755	3,971,672	45,083
Protective inspection	593,257	597,378	490,293	107,085
Code enforcement	194,960	220,341	214,779	5,562
Physical environment	1,448,619	1,448,043	1,299,542	148,501
Transportation	2,957,998	2,932,516	1,755,576	1,176,940
Economic environment	250	250	-	250
Culture and recreation	539,647	544,508	405,186	139,322
Debt service	138,314	144,760	134,322	10,438
Total expenditures	12,296,886	12,487,211	10,620,041	1,867,170
Excess (deficiency) of revenues over expenditures	(579,952)	(698,777)	777,457	1,476,234
Other financing sources (uses)				
Transfers in	-	30,000	-	(30,000)
Transfers out	(119,791)	(264,791)	(119,791)	145,000
Sale of capital assets	10,000	10,000	19,241	9,241
Leases and notes issued	163,220	163,220	146,635	(16,585)
Total other financing sources (uses)	53,429	(61,571)	46,085	107,656
Net change in fund balances	(526,523)	(760,348)	823,542	1,583,890
Fund balances, beginning of year	6,442,141	6,442,141	6,442,141	-
Fund balances, end of year	$ 5,915,618	$ 5,681,793	$ 7,265,683	$ 1,583,890

The accompanying notes to the required supplemental information are an integral part of this schedule.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STORMWATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
REVENUES				
Intergovernmental	$ 824,900	$ 824,900	$ 796,573	$ (28,327)
Total revenues	824,900	824,900	796,573	(28,327)
Expenditures				
Current:				
Stormwater utility	435,300	545,900	416,125	129,775
Capital outlay	225,000	259,400	259,152	248
Total expenditures	660,300	805,300	675,277	130,023
Excess (deficiency) of revenues over expenditures	164,600	19,600	121,296	101,696
Other financing sources (uses)				
Transfers in	-	145,000	-	(145,000)
Total other financing sources (uses)	-	145,000	-	(145,000)
Net change in fund balances	164,600	164,600	121,296	(43,304)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ 164,600	$ 164,600	$ 121,296	$ (43,304)

The accompanying notes to the required supplemental information are an integral part of this schedule.

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.014853399%	0.014483686%	0.014267729%	0.013362636%	0.013179315%	0.013903464%	0.013585849%	0.013403952%	0.013616542%	0.012974748%
Proportionate share of the net pension liability	$ 4,609,772	$ 5,602,971	$ 5,685,239	$ 4,971,974	$ 995,547	$ 6,025,966	$ 4,678,777	$ 4,037,340	$ 4,029,064	$ 3,276,134
Covered payroll	4,346,064	4,122,676	3,717,967	3,200,816	2,968,751	2,933,675	2,872,805	2,817,583	2,733,987	2,494,066
Proportionate share of the net pension liability as a percentage of covered payroll	106.07%	135.91%	152.91%	155.33%	33.53%	205.41%	162.86%	143.29%	147.37%	131.36%
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%
Measurement date	06/30/2025	06/30/2024	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019	06/30/2018	06/30/2017	06/30/2016
Actuarial valuation date	07/01/2025	07/01/2024	07/01/2023	07/01/2022	07/01/2021	07/01/2020	07/01/2019	07/01/2018	07/01/2017	07/01/2016
Discount rate:	6.70%	6.70%	6.70%	6.70%	6.80%	6.80%	6.90%	7.00%	7.10%	7.60%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.009725322%	0.009739033%	0.009382273%	0.008781182%	0.008384007%	0.008450946%	0.008588042%	0.008624684%	0.008575529%	0.008077334%
Proportionate share of the net pension liability	$ 1,246,538	$ 1,460,950	$ 1,490,030	$ 930,067	$ 1,028,424	$ 1,031,847	$ 960,916	$ 912,846	$ 916,935	$ 941,380
Covered payroll	4,346,064	4,122,676	3,717,967	3,200,816	2,968,751	2,933,675	2,872,805	2,817,583	2,733,987	2,494,066
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.74%
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%
Measurement date	06/30/2025	06/30/2024	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019	06/30/2018	06/30/2017	06/30/2016
Actuarial valuation date	07/01/2025	07/01/2024	07/01/2023	07/01/2022	07/01/2020	07/01/2020	07/01/2018	07/01/2018	07/01/2016	07/01/2016
Discount rate:	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	2.85%

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Year Ended September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Contractually required contribution	$ 899,079	$ 843,501	$ 694,232	$ 594,175	$ 511,828	$ 461,951	$ 421,259	$ 382,002	$ 354,472	$ 316,410
Contributions in relation to the contractually required contribution	899,079	843,501	694,232	594,175	511,828	461,951	421,259	382,002	354,472	316,410
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,366,500	$ 4,228,991	$ 3,679,613	$ 3,315,006	$ 2,955,010	$ 2,933,675	$ 2,872,805	$ 2,817,583	$ 2,733,987	$ 2,494,066
Contributions as a percentage of covered payroll	20.59%	19.95%	18.87%	17.92%	17.32%	15.75%	14.66%	13.56%	12.97%	12.69%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	$ 87,330	$ 84,580	$ 64,028	$ 55,029	$ 49,053	$ 48,699	$ 47,689	$ 46,772	$ 45,384	$ 41,401
Contributions in relation to the contractually required contribution	87,330	84,580	64,028	55,029	49,053	48,699	47,689	46,772	45,384	41,401
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,366,500	$ 4,228,991	$ 3,679,613	$ 3,315,006	$ 2,955,010	$ 2,933,675	$ 2,872,805	$ 2,817,583	$ 2,733,987	$ 2,494,066
Contributions as a percentage of covered payroll	2.00%	2.00%	1.74%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

CITY OF ST. AUGUSTINE BEACH, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	$ 126,469	$ 102,757	$ 145,758	$ 258,162	$ 250,643	$ 73,190	$ 79,706	$ 78,300
Interest	42,979	41,982	24,468	46,745	20,044	27,019	26,938	21,426
Differences between expected and actual experience	-	(153,354)	-	-	-	-	-	-
Changes of assumptions	84,262	15,500	(224,562)	(206,457)	1,146,301	(56,943)	15,982	-
Benefit payments – implicit rate subsidy	(25,779)	(30,571)	(28,438)	(44,046)	(2,119)	(742)	(674)	(637)
Demographic experience	-	-	-	(1,127,212)	(153,872)	(37,351)	(100,753)	-
Net change in total OPEB liability	227,931	(23,686)	(82,774)	(1,072,808)	1,260,997	5,173	21,199	99,089
Total OPEB liability – beginning	768,793	792,479	875,253	1,948,061	687,064	681,891	660,692	561,603
Total OPEB liability – ending	$ 996,724	$ 768,793	$ 792,479	$ 875,253	$ 1,948,061	$ 687,064	$ 681,891	$ 660,692
Covered-employee payroll	$ 3,473,419	$ 3,372,251	$ 3,358,343	$ 3,260,527	$ 2,648,108	$ 2,735,142	$ 2,656,223	$ 2,823,671
Total OPEB liability as a percentage of covered-employee payroll	28.70%	22.80%	23.60%	26.84%	73.56%	25.12%	25.67%	23.40%
Measurement date	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017
Actuarial valuation date	09/30/2023	09/30/2023	09/30/2021	09/30/2021	10/01/2019	10/01/2018	10/01/2017	10/01/2016
Discount rate:	4.06%	4.87%	4.77%	2.43%	2.14%	3.58%	3.64%	3.35%

Benefit Payments. The Plan sponsor did not provide actual net benefits paid by the Plan for each fiscal year shown above. Expected net benefits payments produced by the valuation model for the same periods are shown in the table above.

There are no assets accumulated in a trust that meets the criteria of GASB Codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

* GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

(1) **Budgetary Information:**

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

i. Prior to September 1st, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.

ii. Budget workshop sessions are scheduled by the City Commission, as needed.

iii. A general summary of the budget and notice of public hearing is published in a local newspaper.

iv. Prior to October 1st, the budget is legally enacted through passage of an ordinance.

v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.

vi. The City Manager may make transfers within a department as long as the total budget for the department is not increased, and the legal level of control is $15,000. Transfers of appropriations between departments require the approval of the Commission. The City's Ordinance establishes the level at which expenditures may not exceed appropriations at the department level.

vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the City Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. Each of the City's governmental funds have legally adopted budgets.

JAMESMOORE

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

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine Beach, Florida (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 11, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 over financial reporting that we consider to be material weaknesses. However, material weakness or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
March 11, 2026

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

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of St. Augustine Beach, Florida (the City), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 11, 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 Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 11, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

> **2024-001 Reconciliation of General Ledger Account Balances** – Previously reported as item 2023-001. Corrective action taken.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

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

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

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 State granting agencies, the City Commission, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Daytona Beach, Florida
March 11, 2026

JAMESMOORE

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of St. Augustine Beach, Florida

We have examined the City of St. Augustine Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies,* for the year ended September 30, 2025. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with those requirements for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with those requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the City of St. Augustine Beach, Florida, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

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

James Moore & Co., P.L.

Daytona Beach, Florida
March 11, 2026