City Commission Regular Meeting Agenda

Thursday, March 26, 2026 at 5:30 PM

City Commission Chambers – 105 S. 2ND Street, Flagler Beach, FL 32136

All meeting items will be continued until meeting is complete.

1. **Call the meeting to order**

2. **Pledge of Allegiance followed by a moment of silence to honor our Veterans, members of the Armed Forces and First Responders**

3. **Deletions and changes to the agenda**

4. **Public comments regarding items not on the agenda**

   Citizens are encouraged to speak. However, comments should be limited to three minutes. A thirty-minute allocation of time for public comment on items not on the agenda. Each speaker has up to three-minutes to address the Chair, and one opportunity to speak, no time can be allotted to another speaker.

5. **Consent Agenda**

   a. Approve the Organizational and Regular Meeting Minutes of March 12, 2026.

   b. Public School Proportionate Share Mitigation Agreement — FCSD #24-016 ADJ Project Legacy Pointe Cottages

   c. Appoint Rick Belhumeur to complete the term of the vacancy in Seat 5 of the Planning & Architectural Review Board.

6. **General Business**

   a. Review and Approval of October 11, 2026, Corvettes at the Beach, Special Event Application including road closures.

   b. Resolution 2026-18. A Resolution of City of Flagler Beach, Florida, relating to the State Revolving Fund Loan Program; making findings; authorizing the loan application; authorizing the loan agreement; establishing pledged revenues; designating authorized representatives; providing assurances; providing for conflicts, severability, and effective date.

   c. Resolution 2026-20. A Resolution by the City Commission of the City of Flagler Beach approving Change Order No. 1 for Project #623 with U.S. Water Services Corporation for asphalt restoration and scope adjustments, in the amount of $13,431.00; providing for conflict and an effective date.

   d. Resolution 2026-23. A Resolution of the City Commission of the City of Flagler Beach authorizing the installation of Miami curbs at twenty-six (26) south alley locations and approving a not-to-exceed amount of $87,561.00; providing for conflict and an effective date.

   e. Resolution 2026-29. A Resolution of the City Commission of the City of Flagler Beach approving Amendment 3 to State Revolving Fund Loan Agreement WW180131 for the Wastewater Treatment Plant Improvement Project; providing for conflict and an effective date.

   f. Resolution 2026-30. A Resolution by the City Commission of the City of Flagler Beach approving the Standard Design Template for 30-foot rights-of-ways; providing for an effective date and providing for

conflict.

g. Discussion item Charter Amendment Proposal: Ordinance to reinforce the deed restriction on the golf course property that any termination or amendment of the deed restriction be approved by a unanimous vote of the City Commission.

7. Public Hearings

a. Ordinance 2026-04. An Ordinance of the City Commission of the City of Flagler Beach, Florida, amending the Official Zoning Map designation for approximately 2.943 acres of certain real property; providing for conflicts; providing for severability; and providing an effective date (Second [Final] Reading).

8. Staff Reports

a. City Attorney

b. City Manager

9. Commission Comments

a. Commission comments, including reports from meetings attended

b. Public comments regarding items not on the agenda. Citizens are encouraged to speak. However, comments should be limited to three minutes. A thirty-minute allocation of time for public comment on items not on the agenda. Each speaker has up to three-minutes to address the Chair, and one opportunity to speak, no time can be allotted to another speaker.

10. Adjournment

RECORD REQUIRED TO APPEAL: In accordance with Florida Statute 286.0105 if you should decide to appeal any decision the Commission makes about any matter at this meeting, you will need a record of the proceedings. You are responsible for providing this record. You may hire a court reporter to make a verbatim transcript. The City is not responsible for any mechanical failure of the recording equipment. In accordance with the Americans with Disabilities Act, persons needing assistance to participate in any of these proceedings should contact the City Clerk at (386) 517-2000 ext 233 at least 72 hours prior to the meeting. The City Commission reserves the right to request that all written material be on file with the City Clerk when the agenda item is submitted.

City Commission Sine Die/Organizational Meeting Minutes

Thursday, March 12, 2026, at 5:00 PM

City Commission Chambers – 105 S. 2ND Street, Flagler Beach, FL 32136

Present: Mayor Patti King, Chairman James Sherman, Vice-Chair Rick Belhumeur, Commissioners Eric Cooley, John Cunningham, and Scott Spradley, Commissioner Elect R.J. Santore, City Attorney D. Andrew Smith, III, City Manager Dale L. Martin and City Clerk Penny Overstreet.

1. **Call the meeting to order:** Chairman Sherman called the meeting to order at 5:00 p.m**.**

2. **Pledge of Allegiance followed by a moment of silence to honor our Veterans, members of the Armed Forces and First Responders. Rick led the pledge to the flag.** Vice-Chair Belhumeur led the pledge to the flag.

3. **General Business**

   a. Resolution 2026-27. A Resolution by the City of Flagler Beach, Florida, determining the date and time of adjournment Sine Die of the City Commission of the City of Flagler Beach, Florida, providing for conflict and providing an effective date. Attorney Smith read the title of the Resolution into the record. Motion by Commissioner Belhumeur to approve Resolution 2026-27. Commissioner Cunningham seconded the motion. Chairman Sherman opened public comment. None were offered. Chair Sherman closed public comment. The motion carried unanimously, after a roll call vote.

   Clerk Overstreet presented a gift from staff and thanked Commissioner Belhumeur for his 9 years of service to the City. Commissioner Spradley presented Commissioner Belhumeur with a gift. Commissioner Belhumeur left the dais.

   b. Swearing in Commissioner R. J. Santore. Commissioner Santore was sworn in by Attorney Smith.

   c. Swearing in Commissioner Scott Spradley. Commissioner Spradley was sworn in by Attorney Smith.

   d. Nominations for Chairman. Commissioner Spradley nominated Commissioner Cooley. Commissioner Cunningham seconded the nomination.

   e. Resolution 2026-22 . A Resolution by the City of Flagler Beach, Florida, appointing Eric Cooley as Chairman of the City Commission of the City of Flagler Beach, Florida, providing for conflict and effective date. Attorney Smith read the title of the Resolution into the record. Commissioner Spradley motioned to approve Resolution 2026-22. Commissioner Cunningham seconded the motion. Chairman Sherman opened public comment. No comments were offered. Chairman Sherman closed public comments. The motion carried unanimously, after a roll call vote.

   f. Nominations for Vice-Chairman. Commissioner Cooley nominated Scott Spradley. Commissioner Cunningham seconded the nomination.

   g. Resolution 2026-24. A Resolution by the City of Flagler Beach, Florida, appointing Scott Spradley as Vice-Chairman of the City Commission of the City of Flagler Beach, Florida, providing for conflict and effective date. Attorney Smith read the title of the Resolution into the record. Motion by Commissioner Cooley to approve Resolution 2026-24. Commissioner Cunningham seconded the motion. Chairman Sherman opened public comment. No comments were offered. Chairman Sherman closed public comments. The motion carried unanimously, after a roll call vote.

h. Resolution 2026-25. A Resolution by the City of Flagler Beach, Florida, designating signatories for the bank accounts at Florida Prime, Florida Municipal Investment Trust, and PNC; providing for conflict and an effective date. Attorney Smith read the title of Resolution 2026-25 into the record. Motion by Commissioner Cooley to approve Resolution 2026-25. Commissioner Spradley seconded the motion. Chairman Sherman opened public comment. No comments were offered. Chairman Sherman closed public comments. The motion carried unanimously, after a roll call vote.

- i. Appointment to Various Boards and Committees to serve as City Representative. The Officials noted their requests to be the representative to the various Boards and Committees. Clerk Overstreet noted Former Commissioner Belhumeur indicated his willingness to serve as the Alternate on the Citizens Advisory Committee (CAC) of the Transportation Planning Organization. Motion by Commissioner Cooley to appoint Rick Belhumeur as Alternate to the CAC. Commissioner Spradley seconded the motion. The motion carried unanimously.

j. Resolution 2026-26. A Resolution by the City of Flagler Beach, Florida, declaring the City Commission of the City of Flagler Beach, Florida is duly organized and ready to transact any business that would properly come before it; providing for conflict and providing an effective date. Attorney Smith read the title of the Resolution into the record. Motion by Commissioner Cooley to approve Resolution 2026-26. Commissioner Spradley seconded the motion. Chairman Sherman opened public comment. None offered. Chairman Sherman closed public comment. The motion carried unanimously, after a roll call vote.

4. Adjournment. Commissioner Spradley put forth a motion to adjourn the meeting at 5:24 p.m.

_____
James Sherman, Chairman

Attest:

_____
Penny Overstreet, City Clerk

City Commission Regular Meeting Minutes

Thursday, March 12, 2026, at 5:30 PM

City Commission Chambers – 105 S. 2ND Street, Flagler Beach, FL 32136

Present: Mayor Patti King, Chairman Eric Cooley, Vice-Chair Scott Spradley, Commissioners John Cunningham, R.J. Santore and James Sherman, City Attorney D. Andrew Smith, III, City Manager Dale L. Martin, Planner Lupita McClenning, City Engineer Bill Freeman, and City Clerk Penny Overstreet.

1. **Call the meeting to order.** Chairman Cooley called the meeting to order at 5:32 p.m.

2. **Pledge of Allegiance followed by a moment of silence to honor our Veterans, members of the Armed Forces and First Responders.** Mayor King led the pledge to the flag.

3. **Deletions and changes to the agenda.** None.

4. **Public comments regarding items not on the agenda**

   Ken Bryan representing Flagler Beach Police Department Foundation, a 501c3 organization, reported they donated $15k to the Police Department for unbudgeted needs. Mr. Bryan thanked the community for their efforts and support.

5. **Consent Agenda**

   a. Approve the Regular Meeting Minutes of February 12 and 26, 2026. Motion by Commissioner Spradley to approve the consent agenda. Commissioner Sherman seconded the motion. The motion carried unanimously.

6. **General Business**

   a. Resolution 2026-01. A Resolution by the City Commission of the City of Flagler Beach to accept the lowest responsible quote solicited by the Facilities Department and authorize the purchase of one (1) JLG ET350 Tow-Pro Series Boom Lift from Southern States Toyotalift, in the amount of $35,700.00, providing for conflict and an effective date. Attorney Smith read the title of the Resolution into the record. Commissioner Cunningham questioned the purchase and feels a tow behind will not serve the need. Commissioner Santore asked how much more will it be used vs. our previous rentals. Mr. Martin responded at least monthly with the increased staff. Discussion ensued and included questions about where it would be stored, which departments would use it, and the life span of equipment. Motion by Commissioner Sherman to approve Resolution 2026-01. Commissioner Spradley seconded the motion. Chair Cooley opened public comment. Rick Belhumeur urged the Commission to approve a motorized piece of equipment not a trailered one with stabilizers. Rex (last name in audible) Bridgewater resident urged the purchase so the palms on Palm Drive would be trimmed. Chairman Cooley closed public comment. Chairman Cooley inquired to the City Manager is there a lease option available to try before we buy. Mr. Martin responded yes, but the lease is more than the purchase for 48 months. The motion carried 4 to 1, with Commissioner Cunningham voting no.

   b. Resolution 2026-12. A Resolution by the City Commission of the City of Flagler Beach authorizing City staff to prepare and submit a project grant application to the Florida Hurricane Loss Mitigation Program (HLMP), directing staff to utilize existing swale-maintenance quotes as the basis of the project proposal, requiring submission through the Flagler County Local Mitigation Strategy (LMS), and providing for an effective date. Attorney Smith read the title of the Resolution into the record. Mr. Martin reviewed the request to submit application for the HLMP Grant, noting it is 100% reimbursable. This HMLP Grant would be specific to areas of Palm Circle and Venice Park. Chairman Cooley opened public comments. Rick Belhumeur asked why areas already that had work done are being redone. Chairman Cooley closed public comment. City Engineer, Bill Freeman, responded it has been 18 years since these stormwater improvements were made, they need

maintenance that this grant will address. Motion by Commissioner Spradley to approve Resolution 2026-12. Commissioner Cunningham seconded the motion. The motion carried unanimously, after a roll call vote.

c. Resolution 2026-13. A Resolution by the City Commission of the City of Flagler Beach, Florida, approving a Task Order with Mead & Hunt, Inc. for design, permitting, and funding assistance services for the Roberts Road and John Anderson Highway Reclaimed Water Mains Project, authorizing the Task Order, and providing for an effective date. Attorney Smith read the title of the Resolution into the record. City Manager Martin reviewed the request. Commissioner Cunningham asked how many years before re-use water will go through the line . Mr. Martin estimated 3 years or so. Motion by Commissioner Spradley to approve Resolution 2026-13. Commissioner Sherman seconded the motion. Chairman Cooley opened public comment. No comments were offered. Chairman Cooley closed public comment. The motion carried unanimously, after a roll call vote.

d. Resolution 2026-15. A Resolution by the City Commission of the City of Flagler Beach accepting the proposal from Connect Consulting, Inc. for groundwater modeling and impact analysis services in support of the City's Consumptive Use Permit (CUP) modification and renewal, providing for conflict and an effective date. Attorney Smith read the title of the Resolution into the record. Mr. Martin reviewed the request. Motion by Commissioner Spradley to approve Resolution 2026-15. Commissioner Santore seconded the motion. Chairman Cooley opened public comment. No comments offered. Chairman Cooley closed public comment. The motion carried unanimously, after a roll call vote.

e. Resolution 2026-16. A Resolution by the City Commission of the City of Flagler Beach approving the Palm Drive Retention Areas Stormwater Improvement Project and authorizing the City to enter into an agreement with S.E. Cline Construction, Inc. in an amount not to exceed $132,720.00; providing for conflict and an effective date. Attorney Smith read title of the Resolution into the record. Mr. Martin reviewed the request. Discussion ensued and included; are there plans to see the effect of the retention ponds to see if it's the mosquito canals or the berm that needs work, the as built plans that show it was constructed in 1993 as planned, but the City Engineer does not see how that is true the trees are old and big, and how it was determined there was sediment, when there were no elevations. Motion by Commissioner Spradley to approve Resolution 2026-16. Commissioner Sherman seconded the motion. Chairman Cooley opened public comment. Comments were received from Ken Bryan and Paul Mykytka. It was noted staff would obtain a temporary construction easement and an elevation survey. The motion carried unanimously, after a roll call vote.

f. Resolution 2026-17: A Resolution by the City Commission of the City of Flagler Beach, Florida, Approving the non-renewal of Interlocal Agreement for Information Technology Services between Flagler County and the City of Flagler Beach, opening the service for bid, providing for conflict and an effective date. Attorney Smith read the title of the Resolution into the record. Information Technology Manager, Daniel Impson reviewed the request. Motion by Commissioner Santore to approve Resolution 2026-17. Commissioner Sherman seconded the motion. Chairman Cooley opened public comment. None offered. Chairman Cooley closed public comment. The motion carried unanimously, after a roll call vote.

g. Consider a Request for a Temporary Waiver for a Special Event as regulated by Chapter 4, Article III, Section 4-129(b)(4) of the Code of Ordinance to allow the dispensing and consumption of alcohol in Veteran's Park for the Community Dinner. City Manager Martin reviewed the request. Motion by Commissioner Spradley to approve the request for temp waiver for a special event. Commissioner Sherman seconded the motion. The motion carried unanimously.

7. Public Hearings

a. Final Site Plan Application PMS26-0002: Flagler Beach Vacation Rentals, 1708 S. Ocean Shore Blvd.; Parcel ID: 18-12-32-2750-00030-0030; Applicant: Theodore Barnhill; Request for final site plan approval to construct a three-story, eight-unit, oceanfront vacation rental apartment building in the Tourist Commercial (TC) Zoning District. City Planner, Lupita McClenning, reviewed the request, noting it met the qualifications and definition of a hotel. Mrs. McClenning reported that Mr. Barnhill has been working with the technical

review committee and staff has been working with his engineer. Discussion ensued and included the difference between a hotel and a motel, ingress and egress, parking being accessed only from alley, handicap ramp should be 12' not 10', parking spaces don't meet code plans say 9 foot our code requires 10 foot, desire to have updated plans before making a decision, could the kitchen sell to the public, potentially yes, but this is a residential kitchen not a commercial kitchen. Mr. Barnhill, Applicant, reported he has added the dormer (architectural design) as requested by the Planning Board. Mr. Barnhill feels it is dangerous to back out onto A1A, and that is why the design was to have the parking in the rear of the building accessed by the alley. The Commission overstated they liked the project but had concerns of parking accessed only by the alley and wanting to see complete updated plans that are to scale. Chairman Cooley opened public comment. Clark Jones, Charles Balestone, Martin Green, Mark Imhoof, Mike Archer, Andre Gallet, Lori Hauge, and Denise Streit spoke in opposition to the project specifically, the use of the alley to access the parking. Paul Mykytka reminded the Commission that the Land Development Code states it should be used for secondary access. Joseph Pozzouli spoke of how the number of units determines the number of required parking spaces. Chairman Cooley closed public comments. Lupita McClenning, City Planner, responded to public comments stating the difference between density and intensity it does not apply to this commercial property, we are following the design guidelines, FDOT is regulating ingress and egress off of A1A , and it meets the LDR requirements as it is zoned Tourist Commercial, and she added the approval of Special Exceptions for Single Family Residential (SFR) in TC has undermined our commercial properties. Discussion ensued among the Officials and included: need for scaled updated plans, moving the parking to the front of the building, having the parking spaces meet the code for required size, having the PARB review again , not charging the applicant for another review by the PARB. Motion by Commissioner Spradley to table and have it go back before the Planning Board without additional fees. Commissioner Sherman seconded the motion. The motion carried unanimously.

Chair Cooley recessed the meeting at 8:04 p.m.
Chair Cooley resumed the meeting at 8:16 p.m.

b. Ordinance 2026-03. An Ordinance by the City Commission of the City of Flagler Beach, Florida, amending Appendix "A", Land Development Regulations, Article II, Zoning; amending Section 2.04.02.9.1 related to barrier island residential development standards; amending lot area, density, and lot width requirements; providing for inclusion in the Code of Ordinances; providing for conflicts; providing an effective date hereof (Second [Final] Reading). Attorney Smith read the title of the Ordinance into the record. Motion by Commissioner Sherman to approve Ordinance 2026-03. Commissioner Cunningham seconded the motion. Chairman Cooley opened public comment. No comments were offered. Chairman Cooley closed public comment. The motion carried unanimously, after a roll call vote.

c. Ordinance 2026-01. An Ordinance of the City of Flagler Beach, Florida, amending the Code of Ordinances to establish a Fats, Oils, and Grease (FOG) Management Program; providing for regulations governing the installation, maintenance, and inspection of grease interceptors and oil/water separators for food service establishments; providing for administrative procedures, enforcement; providing for severability; providing for codification; and providing for an effective date (First Reading). Attorney Smith read the title of the Ordinance into the record. City Engineer, Bill Freeman, reported the State is beginning to mandate this by requiring hauling companies to be licensed. Businesses who do not maintenance their grease interceptor contribute to the frequent breakdown of our sewage system /lift stations. Mr. Freeman reviewed the requirements and associated costs of the Ordinance. The Commission asked will the monthly inspection be done by current staff or will a new employee be requested. Commissioner Santore asked why there wouldn't be a fee if there are 60 restaurants that would need to be checked monthly. Mayor King responded we had decided to keep any fees to a minimum if necessary. Commissioner Santore indicated he had a few other concerns that he would email the City Attorney, Engineer, and Manager for a response. Commissioner Spradley referred to an email from FB3 and stated his concern is related to the degree of enforcement. Chairman Cooley thought the inspections would be annual, and expressed additional concerns related to definitions, reasonable time, device size, and fees. Chairman Cooley expressed overall he thinks this is a good program but feels it needs work. The Commission reached a consensus to take no action, staff to work on language and bring it back for consideration.

d. Ordinance 2026-04. An Ordinance of the City Commission of the City of Flagler Beach, Florida, amending the Official Zoning Map designation for approximately 2.943 acres of certain real property; providing for conflicts; providing for severability; and providing an effective date (First Reading). Attorney Smith read the title of the Ordinance into the record. Mr. Martin reported this ordinance was a request from the Commission to rezone the interior parcel of the golf course before the property changes hands. Motion by Commissioner Santore that we approve Ordinance 2026-04. Commissioner Cuningham seconded the motion. Chairman Cooley opened public comment. No comments were offered . Chairman Cooley closed public comment. The motion carried unanimously, after a roll call vote.

e. Ordinance 2026-05. An Ordinance by the City Commission of the City of Flagler Beach, Florida amending the Code of Ordinances of the City of Flagler Beach related to the use of electric bicycles, E-Bikes, and Off-Road Electric Motor Driven cycles; providing for enforcement and penalties for violation; providing for severability, codification, conflicts , and an effective date (First Reading). Attorney Smith read the title of the Ordinance into the record. Attorney Smith reviewed the ordinance. Commission comments included: change the definition of bicycle path, changing the ban on e-bikes on the beach to only be allowed North of North 10th and South of S. 10th. Motion by Commissioner Spradley to approve Ordinance 2026-05 including incorporating Commissioner Santore's comments. Commissioner Sherman seconded the motion. Chairman Cooley opened public comments. Comments were heard from Charlie Marrow and Paul Mykytka. Chairman Cooley closed public comments. Commissioner Spradley amended his motion to include e-bikes on the beach to only allow North of North 10th and South of S. 10th . Commissioner Sherman amended his second. The amended motion carried unanimously, after a roll call vote.

8. Staff Reports

a. City Attorney. Attorney Smith reported on the Cortez foreclosure, stating March 18th is last day for them to file appeal one step closer to foreclose order.

b. City Manager. Thanked Attorney Smith for his work for the city. Mr. Martin distributed a packet to the Officials that included a letter of support to Congressman Fine, homework for the goal setting session, which is scheduled for Wednesday, April 1st between 8:00 a.m. and 5:00 p.m., and the responses to the questions posed by Commissioner Sherman. Mr. Martin requested clarification. The Commission indicated they wanted to have a Workshop on Stormwater before the Goal Setting Session, he asked the email him their opinion on the workshop and the sunshade structures at the pier.

Lance Blanchette: updated the Officials on Bike week, noted Spring Break starts Friday 13th , and reported the boat is gone.

9. Commission Comments

a. Commission comments, including reports from meetings attended. Mayor King urged residents to buy their ticket to the Community Dinner. Commissioner Santore noted he was glad to be on the Commission. Commissioner Spradley thanked Former Commissioner Belhumeur for his service on the Commission. Commissioner Sherman congratulated Commissioners Santore and Spradley on their election and thanked the Flagler Beach All Stars and Keep Flagler Beach Beautiful for their efforts to keep our town clean. Commissioner Sherman asked the City Engineer if there would be more millings placed on Oak Place. Mr. Freeman responded yes and they will be graded. Commissioner Cunningham expressed concern regarding the cut-outs in the paving project.

b. Public comments regarding items not on the agenda. Denise Streit, Charlie Marrow, and Paul Mykytka provided comments.

10. Adjournment. Commissioner Santore put forth a motion to adjourn the meeting at 9:31 P.M.

_____

Eric D. Cooley, Chairman

Attest:

_____

Penny Overstreet, City Clerk

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	Lupita McClenning, Planner
Meeting Date:	March 26, 2026
Item Name:	Public School Proportionate Share Mitigation Agreement — FCSD #24-016 ADJ Project Legacy Pointe Cottages

Background:

Legacy Pointe Cottages is developing twenty-two (22) residential dwelling units. An Appropriate Proportionate Share Mitigation is necessary to maintain the Level Of Service standard for school capacity created by the demand from the new residential units.

Fiscal Impact:

The Applicant shall pay the Proportionate Share Mitigation directly to the District.

Staff Recommendation:

The City of Flagler Beach and the School Board, aka District, have adopted and implemented a public school concurrency management system to ensure new development is consistent with Level of Service Standards. Staff recommends approval of Agreement FCSD#24-016 Legacy Pointe Cottages.

Attachments:

1. Public School Proportionate Share Mitigation Agreement — FCSD #24-016 ADJ Project Legacy Pointe Cottages

After recording, please return to:
Coordinator of Planning and Intergovernmental Relations
Flagler County Public Schools
P.O. Box 755
Bunnell, Florida 32110

PUBLIC SCHOOL PROPORTIONATE SHARE MITIGATION AGREEMENT

FCSD #24-016 ADJ Project - Legacy Pointe Cottages

This Public School Proportionate Share Mitigation Agreement (hereinafter "Agreement") is made by and among THE SCHOOL BOARD OF FLAGLER COUNTY, FLORIDA a body corporate and politic of the State of Florida (hereinafter "the District") and ALT Homes LLC, a Florida Limited Liability Company (hereinafter "Applicant"), whose address is 3371 N State St, Unit 1, Bunnell, FL 32110 and the City of Flagler Beach (hereinafter "Local Government"), whose address is 105 S 2nd Street, Flagler Beach, FL 32136.

WHEREAS, the Applicant is the fee simple owner of that certain tract of land commonly known as Legacy Pointe Cottages Parcel Numbers 11-12-31-0650-000D0-0050, in Flagler County and more particularly described on Exhibit "A," attached hereto and incorporated herein (the "Property"). The location of the Property described in Exhibit "A" is illustrated with a map appearing in Exhibit "B;" and

WHEREAS, the Applicant has applied for a development proposal seeking approval of the Local Government to develop twenty-two (22) Single Family residential dwelling units on the Property, hereinafter referred to as the "Development Proposal", which is anticipated to generate two (2) elementary school students ("Elementary Students"), two (2) middle school students ("Middle School Students") and two (2) high school students ("High School Students"); and

WHEREAS, the Local Government and the District have adopted and implemented a public school concurrency management system to assure the future availability of public school facilities to serve new development consistent with level of service standards ("Standards" or "Level of Service" or "Level of Service Standards"), the terms of the current Interlocal Agreement for Public School Planning between the District and the local governments of Flagler County, recorded at OR Book 2729, Page 1233 in the Official Records of Flagler County, Florida, as may be amended from time to time ("Interlocal Agreement"), and the Local Government's public school facilities and capital improvement comprehensive plan elements (individually, "Element"; plural, "Elements"); and

WHEREAS, at the time of this Agreement, adequate elementary school capacity is available to accommodate the two (2) elementary school students the Development Proposal is

anticipated to generate from the twenty-two (22) proposed units.

WHEREAS, at the adopted Level of Service, (1) adequate school capacity is not available for two (2) middle school students, and two (2) high school students generated by the Development Proposal at the Level of Service within the Flagler School District in which the Development Proposal is anticipated to generate without exceeding the adopted Level of Service; and (2) available school capacity will not be in place or under actual construction within three (3) years after the approval of the Development Proposal; and

WHEREAS, authorizing the **new** residential dwelling units in the Development Proposal without the mitigation provided for in this Agreement would result in a failure of the Level of Service Standard for public school facilities in the Flagler School District, or would exacerbate existing deficiencies in Level of Service; and

WHEREAS, the Parties agree that public school concurrency shall be satisfied by the Applicant's execution of this legally binding Agreement to provide mitigation proportionate to the demand for public school facilities to be created by these **new** residential dwelling units ("Proportionate Share Mitigation"); and

WHEREAS, the Parties further agree that the appropriate Proportionate Share Mitigation option necessary to satisfy public school concurrency is payment of Proportionate Share Mitigation in the amount of $119,900.00 as more specifically depicted or described herein.

NOW, THEREFORE, in consideration of the foregoing described Proportionate Share Mitigation, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. INCORPORATION OF RECITALS. The foregoing recitals are true and correct and are hereby incorporated into this Agreement by this reference as if fully set forth herein.
2. PARTIES. The District, the Local Government, and the Applicant shall be collectively referred to as the "Parties."
3. LEGALLY BINDING COMMITMENT. The Parties agree that this Agreement constitutes a legally binding commitment by Applicant to provide Proportionate Share Mitigation for the new residential dwelling units sought to be approved by the Local Government in the Development Proposal for the Property.
4. PROPORTIONATE SHARE MITIGATION CAPACITY RESERVATION. The Parties agree that the payment of Proportionate Share Mitigation in the total amount of $119,900.00 for the Development Proposal, is the appropriate Proportionate Share Mitigation option necessary to maintain the Level of Service Standard for school capacity in the affected Flagler County School District. Upon final execution of this Agreement, the District shall issue a revised School Concurrency Determination showing adequate capacity is available based upon full payment of this acceptable mitigation option. The duration and effect of this School Concurrency Determination shall be in accordance with the Interlocal Agreement. The District agrees to reserve the allocation of four (4) student stations for the Applicant and Property subject to the Applicant complying with the requirements of this Agreement. However, in no event shall

this School Concurrency Determination, or any capacity reservation based on this Determination, continue to be effective if the Applicant fails to perform its obligations under this Agreement. Conversely, once the Applicant has completely performed its obligations under this Agreement, the Applicant shall be entitled to rely on the School Concurrency Determination and the capacity reservation for the Development Proposal as set forth herein and such right of reliance shall survive the expiration of this Agreement.

5. SCHOOL IMPACT FEE CREDIT. In accordance with Section 163.3180(6)(h)(2)(b) and 163.31801(5)(a), Florida Statutes, as consideration for the payment of the Proportionate Share Mitigation as described in Section 4 above, the Parties agree that the District shall provide the Applicant a dollar-for-dollar credit in the amount of $119,900.00 in school impact fees ("Impact Fee Credits") in the form of the Flagler County Educational Impact Fee Voucher attached hereto as Exhibit "C" (the "Voucher"). The number of units set forth in the Voucher will be based upon the rate of Impact Fees at the time of the Proportionate Share Mitigation payment and be rounded down to the nearest unit. As an example, the current Impact Fee is $5,450 per single family home. Assuming the first installment payment is in the amount of $350,000.00, it would result in a voucher for 64.22 single family home units which would be rounded down to 64 units and the first payment would be $348,800. If the impact fee rate is increased after the issuance of the Voucher, the Voucher would nevertheless be valued at 64 single family residential units. The same would be applicable to multi-family. The current Impact Fee is $1,360 per multi-family unit. Assuming the first installment payment is in the amount of $350,000.00, it would result in a voucher for 257.35 multi-family units which would be rounded down to 257 units and the first payment would be $349,520. If the impact fee rate is increased after the issuance of the Voucher, the Voucher would nevertheless be valued at 257 multi-family residential units. In no event will the Proportionate Share Mitigation required exceed the amount of the Impact Fees due for the Development Proposal. Applicant may assign the Voucher, in whole or in part, to third-party(ies). Should, at any time, the total number of units set forth in the Development Proposal exceed the number of units set forth in Voucher(s) issued, the Applicant shall pay the then current impact fee amount for each unit above the total amount of units in the issued vouchers. The Applicant shall provide the Voucher(s) to the local government at the time of impact fee payment.

6. TIMING. The Parties agree that the Applicant shall pay the Proportionate Share Mitigation directly to the District at

a) Thirty percent (30%) or $32,700.00 within sixty (60) days of final plat approval, final site plan approval, or the functional equivalent as applicable.
b) Additional thirty percent (30%) $32,700.00 on or before twenty-one months (21) months from that date of the first payment.
c) Additional thirty percent (30%) $32,700.00 on or before forty-two (42) months after the date of the first payment.
d) The final ten percent (10%) $21,800.00 shall be paid through impact fees in the regular course of business and no credit shall be due for the same.

Other than the final ten percent (10%), which shall be due no sooner than residential building permit issuance, the Applicant may prepay the Proportionate Share Mitigation at any time after the final site plan or final plat approval without penalty. This payment schedule is related to the Proportionate Share Mitigation and does not in any way delay or adjust the payment

of impact fees if impact fees are due pursuant to the Local Government ordinances prior to the above schedule.

7. IMPACT FEE. The payment of school impact fees shall be the responsibility of each dwelling unit constructed on the Property, and due at the time of building permit issuance.

8. SCHOOL CAPACITY IMPROVEMENT. The District agrees to apply the Proportionate Share Mitigation contributed by the Applicant toward a school capacity improvement in its 5-year Educational Facilities Work Program and if no project can be identified, the District shall set aside the funds, and not spend same until an improvement has been identified which satisfies the demands created by the Development Proposal in accordance with this Agreement.

9. NO GUARANTEE OF LAND USE / ZONING. Nothing in this Agreement shall require the Local Government to approve any development proposal, land use amendment, or rezoning application associated with the Property described herein.

10. EFFECTIVE DATE. This Agreement shall become effective on the date it is recorded in the Public Records of Flagler County, Florida (the "Effective Date"). If this Agreement is not executed by the Applicant, recorded, and delivered to the District within thirty (30) days after Local Government and District approval of this Agreement, this Agreement shall become void.

11. TERMINATION. This Agreement shall terminate, and Applicant shall forfeit any administrative fees paid, as well as any capacity encumbered or reserved under the following circumstances, unless the Local Government and the School Board agree to an extension of this Agreement:

a. The Applicable Local Government does not approve the final plat or final site plan within twelve (12) months from approval of the preliminary plat, or its equivalent, by the Local Government.

b. The Applicant fails to obtain at least one building permit for a unit other than a model home within three (3) years of recording of the plat or, if a plat is not required, within three (3) years of final approval of the site plan, or its equivalent. In such case, unless for good cause shown by the Applicant, this Agreement shall be terminated, and other than any encumbered or reserved school capacity associated with a payment of Proportionate Share Mitigation, shall be returned to its applicable capacity bank and the Applicant shall not be entitled to a refund of any portion of the Proportionate Share Mitigation paid under this Agreement prior to termination.

12. STATUTORY COMPLIANCE. The Parties agree that this Agreement satisfies the requirements for a binding Proportionate Share Mitigation Agreement in Section 163.3180(6)(h), Florida Statutes.

13. NOTICES. Any notice, demand, request, consent, approval, or communication which a signatory party is required to or may give to another signatory party hereunder shall be in writing and shall be delivered or addressed to the other at the address below set forth or to such other address as such party may from time to time direct by written notice given in the manner herein prescribed. Such notice or communication shall be deemed to have been given or made when communicated by personal delivery, independent courier service, email, or if by mail on the fifth (5^{th}) business day after the deposit thereof in the United States Mail, postage prepaid,

registered, or certified, addressed as hereinafter provided. Parties shall make reasonable inquiry to determine whether the names of the persons listed in this Agreement should be substituted with the name of the listed person's successor. Notwithstanding the foregoing, it is not the intent of this Section that formal notice be made for regular or routine communications between the District and Applicant concerning permit requests, site plan reviews or other daily matters related to the Development. All notices, demands, requests, consents, approvals, or communications shall be addressed:

To the Applicant at:
ALT Homes LLC
ATTN: Katie Crooke
3371 N State St, Unit 1, Bunnell, FL 32110
Phone: (904) 710-2397
Email: katie@thetrilegacygroup.com

With Copies to:
ALT Homes LLC
ATTN: Terry McNitt
P.O. Box 503
Bunell, FL 32110

To the Local Government at:
City of Flagler Beach
ATTN: Lupita McClenning
105 S 2nd St, Flagler Beach, FL 32136
Phone: (386) 517-2000 ext. 257
Email: lmcclenning@cityofflaglerbeach.com

To the District at:
Flagler County School Board
ATTN: Intergovernmental Planner
1769 E Moody Blvd, Bldg #2
Bunnell, FL 32110
Phone: (386) 437-7526 ext. 1313
Email: FCSBplanner@flaglerschools.com

14. RELEASE. Upon the performance of all obligations of all Parties hereto, the School District and the Local Government shall release the Applicant from this Agreement, and the Applicant shall release the School District and the Local Government from all future claims, costs or liabilities arising out of the provision of Proportionate Share Mitigation in accordance with this Agreement. These releases shall be recorded at the Applicant's expense in the Official Records of Flagler County, Florida, evidencing such performance.

15. DEFAULT. If any party to this Agreement materially defaults under the terms hereof, then the non-defaulting party(s) shall give the defaulting party(s) thirty (30) days' notice and a right to cure such breach. Should the Applicant of the Property described herein fail to

timely cure a default in meeting their obligations set forth herein, their Concurrency certificate, issued based upon payment and/or performance hereunder, shall be voided and the Property described herein shall lose its right to concurrency under this Agreement, and the Local Government shall cease issuing building permits upon written notice of said default and failure to cure. Notwithstanding the foregoing, any Voucher obtained via payment of Proportionate Share Mitigation shall not be voided but shall entitle the holder the full value of the Voucher. Should the District fail to timely cure a default in meeting their obligations set forth herein, Applicant may seek all remedies available to it in law or equity.

16. VENUE: CHOICE OF LAW. Any controversies or legal issues arising out of this Agreement, and any action involving the enforcement or interpretation of any rights hereunder, shall be submitted to the jurisdiction of the Circuit Court of Flagler County, Florida, the venue situs, and shall be governed by the laws of the State of Florida.

17. CAPTIONS AND PARAGRAPH HEADINGS. Captions and paragraph headings contained in this Agreement are for convenience and reference only. They in no way define, describe, extend, or limit the scope or intent of this Agreement.

18. NO WAIVER. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

19. EXHIBITS. All Exhibits attached hereto contain additional terms of this Agreement and are incorporated herein by reference.

20. FURTHER ASSURANCES. The Parties hereby agree to execute, acknowledge, and deliver and cause to be done, executed, acknowledged, and delivered all further assurances and to perform such acts as shall reasonably be requested of them to carry out the intent of this Agreement.

21. AMENDMENTS. No modification, amendment, or alteration in the terms or conditions contained herein shall be effective, unless contained in a written document prepared with the same or similar formality as this Agreement and executed by all the Parties to this Agreement

22. ASSIGNMENT. This Agreement runs with the Property. The Applicant may assign its rights, obligations, and responsibilities under this Agreement to a third-party purchaser of all or any part of fee simple title to the Property. Any such assignment shall be in writing and shall require the prior acknowledgement of all the Parties, and such acknowledgement shall not be unreasonably withheld or delayed. At the election of the District, such acknowledgement may be conditioned upon the written agreement of the assignee to comply with conditions and procedures to aid in the monitoring and enforcement for the assignee's performance of the Proportionate Share Mitigation under this Agreement. The assignor under such assignment shall furnish the Parties with a copy of the written assignment within ten (10) days of the date of execution of the same.

23. NO THIRD-PARTY BENEFICIARIES. This Agreement is made for the sole benefit and protection of the Parties, their successors and assigns, and no other persons shall have any right of action hereunder.

24. COUNTERPARTS. This Agreement may be executed in three (3) counterparts, each

of which may be deemed to be an original.

25. RECORDING OF THIS AGREEMENT. The Applicant shall record this Agreement, at its expense, within fourteen (14) days after full execution, in the Flagler County Public Records. Time is of the essence in the recording, and failure to timely record shall render this Agreement void.

26. MERGER CLAUSE. This Agreement sets forth the entire agreement among the Parties with regard to the subject matter hereof, and it supersedes all prior and contemporaneous negotiations, understandings, and agreements, written or oral, among the Parties.

27. ATTORNEY'S FEES. In the event any party hereto brings an action or proceeding, including any counterclaim, crossclaim, or third-party claim, against any other party hereto arising out of this Agreement, each party in such action or proceeding, including appeals therefrom, shall be responsible for its own attorney fees.

28. SEVERABILITY. If any provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, the invalid or unenforceable provision will be stricken from the Agreement, and the balance of this Agreement will remain in full force and effect if doing so would not affect the overall purpose or intent of the Agreement.

29. NO PARTNERSHIP. The execution of this Agreement or the performance of any act pursuant to the provisions hereof shall not be deemed or construed to have the effect of creating between the District, the Local Government, and Applicant the relationship of principal and agent, or a partnership or joint venture.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the District, the Local Government, and the Applicant have caused this Agreement to be executed themselves or by their respective, duly authorized agents, managers, or officers.

SCHOOL DISTRICT

Signed, witnessed, executed, and acknowledged on this 24th day February of 20 26.

WITNESS:

THE SCHOOL BOARD OF FLAGLER COUNTY, FLORIDA, a body corporate and politic existing under the laws of the State of Florida

Jennifer Gimbel
Print Name

By: Christy Chong
Christy Chong
School Board Chair

1769 E. Moody Blvd Bldg. 2 Bunnell, FL 32110
Address

Clarice Dias
Print Name

1769 E. Moody BLvd Bldg 2 Bunnell, FL 32110
Address

STATE OF FLORIDA }

COUNTY OF FLAGLER }

The foregoing instrument was acknowledged before me by means of ☑ physical present or ☐ online notarization, this 24th day of February, 2026 by Christy Chong,

Notary Public of Florida

KAREN E. CRESPO
PRINT, TYPE OR STAMP NAME OF NOTARY

KAREN E. CRESPO
Notary Public - State of Florida
Commission # HH 736501
My Comm. Expires Oct 30, 2029
Bonded through National Notary Assn.

Personally known ✓
OR Produced Identification _____
Type of Identification Produced _____

APPLICANT

Signed, witnessed, executed, and acknowledged on this 1st day February of 2026.

WITNESS:

Katie Crooke
Print Name

11 Maple St PBCH 32134
Address

Jennifer Laura
Print Name

3335 N State St Bunnell FL
Address

1420 S. Flagler Ave PB 32110 32134

ALT HOMES LLC, a Florida limited liability company

By: _____

Terry M. McNitt Jr.
Owner

STATE OF FLORIDA }

COUNTY OF FLAGLER }

The foregoing instrument was acknowledged before me by means of ☒ physical present or ☐ online notarization, this 1st day of February, 2026 by Terry M. McNitt Jr.

KATHERINE D. CROOKE
Notary Public
State of Florida
Comm# HH455358
Expires 10/18/2027

{AFFIX NOTARY STAMP}

Notary Public of Florida

Katherine D. Crooke
PRINT, TYPE OR STAMP NAME OF NOTARY

Personally known ✓
OR Produced Identification _____
Type of Identification Produced _____

LOCAL GOVERNMENT
CITY OF FLAGLER BEACH

Signed, witnessed, executed, and acknowledged on this _____day _____ of 20_____.

WITNESS:

_____
Print Name

_____
Address

_____
Print Name

_____
Address

By: _____
Print Name: _____
Title: _____

STATE OF FLORIDA }

COUNTY OF FLAGLER }

The foregoing instrument was acknowledged before me by means of ☐ physical present or ☐ online notarization, this _____day of _____, 20__, by_____,
_____

Notary Public of Florida

_____
PRINT, TYPE OR STAMP NAME OF NOTARY

{AFFIX NOTARY STAMP}

Personally known _____
OR Produced Identification _____
Type of Identification Produced_____

EXHIBIT "A"
Legal Description

PARCEL 1:

A parcel of land lying South of State Road 100 within Government Section 11, Township 12 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

A POINT OF BEGINNING being the Northwest Corner of the South Half (1/2) of Tract 4, Block D, according to the Plat Bunnell Development Company, recorded in Map Book 1, Page 1, of the Public Records of Flagler County, Florida, said Northwest Corner being the northwest corner of Hillcrest Unrecorded Subdivision; thence South 01°20'27" East along the West line of Tract 4, Block D, a distance of 320.00 feet; thence departing Tract 4, Block D, South 88°39'33" West a distance of 331.10 feet; thence North 01°20'27" West a distance of 64.70 feet to a point on the boundary of lands recorded in Official Records Book 244, Page 576 through 578; thence North 05°21'24" West a distance of 267.29 feet; thence South 89°29'02" East along the south line of said lands recorded in Official Records Book 244, Pages 576 through 578, a distance of 350.00 feet to the POINT OF BEGINNING.

PARCEL 2

A parcel of land lying South of State Road 100 within Government Section 11, Township 12 South, Range 31 East, Flagler County, Florida, being more particularly described as follows:

A POINT OF REFERENCE being the Northwest corner of the South Half (1/2) of Tract 4, Block D, according to the Plat Bunnell Development Company, recorded in Map Book 1, Page 1, of the Public Records of Flagler County, Florida, said Northwest Corner being the northwest corner of Hillcrest Unrecorded Subdivision; thence South 01°20'27" East along the West line of Tract 4, Block D, a distance of 320.00 feet to the POINT OF BEGINNING of this description; thence continue South 01°20'27" East a distance of 60.00 feet; thence departing Tract 4, Block D, South 88°39'33" West a distance of 391.10 feet; thence North 01°20'27" West a distance of 126.66 feet to a point on the boundary of lands recorded in Official Records Book 244, Page 576 through 578; thence South 89°29'02" East along the south boundary line of said lands recorded in Official Records Book 244, Pages 576 through 578, a distance of 60.03 feet; thence departing said boundary South 01°20'27" East, a distance of 64.70 feet; thence North 88°39'33" east a distance of 331.10 feet to the POINT OF BEGINNING.

EXHIBIT "B"
Location Map

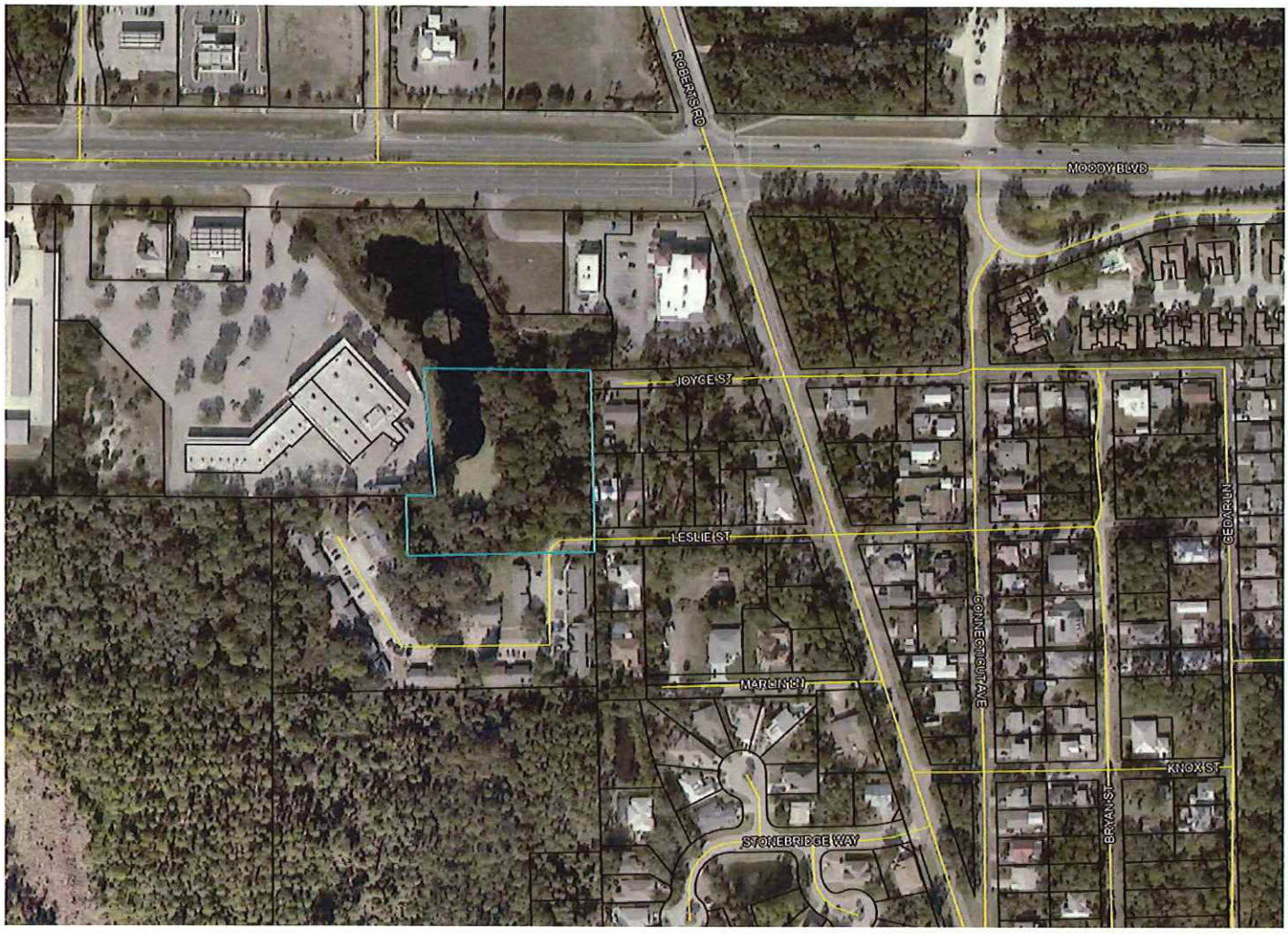


EXHIBIT "C"
Flagler County Schools Voucher Sample

FLAGLER COUNTY EDUCATIONAL IMPACT FEE VOUCHER

Voucher Number: _____

Pursuant to the Proportionate Share Mitigation Agreement among the **Flagler County School Board** (FCSB), _____, a Florida Limited Liability Company (hereinafter "the Applicant"), and the **City of** _____ (hereinafter "Local Government"), recorded on _____ (Book _____, Page _____), Applicant is providing Proportionate Share Mitigation in the amount of $_____ to reserve capacity. Pursuant to Florida law Applicant is entitled to school impact fee credits on a dollar-for-dollar basis.

Payment Amount/Impact Fee = Number of Credits Issued

Payment Date:	_____	Impact Fee:	_____
Payment:	_____	Credits Issued:	One (1)

Each credit shall be for one (1) **single/multi-family** residential unit education impact fee. This voucher shall be applied to the **single/multi-family** residential unit educational impact fee due from a permit application for the below-described lot/unit, pursuant to the Proportionate Share Mitigation Agreement for the _____ development, File Number _____.

Builder: _____
Street Address: _____
Lot/Parcel ID: _____
Signature of Builder: _____

_____ _____
Signature of an Authorized Agent of the School Board — Date
Voucher # _____

ONCE A CERTIFICATE IS REDEEMED A COPY MUST BE RETURNED TO FCSB PLANNER'S OFFICE
PO Box 755, Bunnell FL 32110

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	Penny Overstreet
Meeting Date:	March 26, 2026
Item Name:	Appoint Rick Belhumeur to complete the term of the vacancy in Seat 5 of the Planning & Architectural Review Board.

Background:

The Vacancy in Seat 5 has been open since late December. The term for Seat 5 ends May 09, 2026.

Fiscal Impact:

Not applicable.

Staff Recommendation:

Staff recommends an appointment to fill the term.

Attachments:

1. Application PARB Rick Belhumeur
2. PARB Member List 01072026

CITY OF FLAGLER BEACH
ADVISORY BOARD AND COMMITTEE APPLICATION FORM

(Please fill out form completely)

Name: RICK BELHEIMER **Date:** 3/11/26

Physical address: 1015 S. FLAGLER AVE 32136

Mailing address:

Home phone: **Daytime phone:** 386-503-5030

Fax: **E-Mail:** RRSOFC@ATT.NET

Occupation: RENTAL PROPERTY MGR

Number of years of City residence: 12 **Own:** ✓ **Rent:**

Are you registered to vote in Flagler County? Yes ✓ **No**

Identify the board(s) or committee(s) to which you request appointment:

PARKS & TPO - CAC ALTERNATE

Please describe your professional and/or volunteer experience or background which best qualifies you for selection to the board(s) or committee(s):

FLAGLER BCH COMMISSIONER 9YRS, COUNTY AFFORDABLE HOUSING ADVISORY COMMITTEE 10+YRS COUNTY PARKS ADVISORY BOARD, CITY TPO REP 2 YRS

How many City Commission/board meetings have you attended in the last 2 years? EVERY ONE

Have you ever served on a City advisory board or committee in the past?
Yes ✓ **No**

If yes, please describe:

WAS ON PARKS IN 2015 BUT HAD TO "RESIGN TO RUN" FOR COMMISSIONER IN 2016

Signature

Please return this application to the City Clerk, P.O. Box 70, 105 S. 2nd Street, Flagler Beach, Florida 32136

Planning & Architectural Review Board

Members

Seat One Term 02/26/22 – 02/25/28

Scott Chappuis

343 N. 11th St.

Flagler Beach, Florida 32136

386-295-0705

scottc@grandlivingrealty.net

Seat 6 Term 05/09/23 – 05/09/26

Appointed to complete term 06.26.2025

Paul Mykytka

351 Palm Circle

Flagler Beach, FL 32136

937-672-6567

paul.mykytka@gmail.com

Seat Two Term 02/26/22 – 02/25/28

Suzie Johnston

1776 N. Central Ave

Flagler Beach, FL 32136

386-338-4110

JohnstonSuzie01@gmail.com

Seat Seven Term 05/26/24 – 05/25/27

Joann Soman

1313 N. Oceanshore Blvd.

Flagler Beach, FL 32136

305-778-2885

joann@raiseyoursales.com

Seat Three Term 02/26/22- 02/25/28

Barbara Revels

804 Pal Street

Flagler Beach, FL 32136

386-931-5570

brevels@coquina.net

Seat Four Term 05/09/23 – 05/09/26

Lisa Smith

311 N. 11th Street

Flagler Beach, FL 32136

386-931-1903

lisa@lisapsmith.com

Seat Five Term 12/12/24 – 05/09/26

William "Boudie" Estberg (resigned 11.05.2025)

Vacant

Flagler Beach, FL 32136

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	Dale Martin, City Manager
Meeting Date:	March 26, 2026
Item Name:	Review and Approval of October 11, 2026, Corvettes at the Beach, Special Event Application including road closures.

Background:

Prior to COVID, the Flagler County Corvette Club held the Corvettes at the Beach event from 2009 to 2019. Since then, the event has been held in various locations around Palm Coast. Their members and attendees are interested in returning to Flagler Beach to hold their event on October 11, 2026. The applicant has submitted a waiver request for a number of items they would like the City Commission to approve.

Fiscal Impact:

The applicant's current estimated cost for the event is $411.13. If the City Commission approves the applicant's requests, the total cost for the event would be $350.00.

Staff Recommendation:

The Parks Committee reviewed the Special Event Application and the road closure proposal, spoke with the applicant, and posed no objections to the event. The Community Redevelopment Agency Advisory Board (CRAAB) reviewed the Special Event Application and the road closure proposal, spoke with the applicant, and were in agreement to support the event but expressed the following concerns: pedestrian safety and access to businesses, primarily those on South Second Street. While City staff shared similar concerns about the impact on CRA businesses based on the proposed road closures, the attached survey of S. 2nd Str (west of S. Central Ave.) indicates minimal concern related to the proposed closure in front of affected businesses. Use of the City Commission Chambers and City Hall restrooms are a concern, as it would be difficult to limit access to just event participants. City staff could provide onsite monitoring during the event, but could incur additional costs for the applicant or the City.

Attachments:

1. Ordinance 2025-19 Special Events
2. FB City Show Requests 03.02.26

3. Corvettes at the Beach Special Event Application and Layout
4. Road Closure Request Provided by Applicant 03.18.2026
5. Corvette Show S. 2nd Str.
6. Corvettes at the Beach Cost Worksheets from 2016-2019

ORDINANCE NO. 2025-19

AN ORDINANCE OF THE CITY OF FLAGLER BEACH, FLORIDA, RELATED TO SPECIAL EVENTS; AMENDING THE CITY REQUIREMENTS AND PROCESSES FOR SPECIAL EVENTS WITHIN THE CITY; PROVIDING FOR CODIFICATION, SEVERABILITY, CONFLICT, AND AN EFFECTIVE DATE.

WHEREAS, the City Code related to special events has not been updated in many years; and

WHEREAS, City staff has conducted a review of the City Code related to special events and identified steps to streamline the process to make it more efficient for applicants and the City; and

WHEREAS, the City Commission has considered the amendments proposed by City staff and determined that the amendments contained herein to be in the best interest of the City of Flagler Beach, its residents, business, and visitors.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA THAT:

SECTION ONE. Amendment of Code. Article III, "Special Events," of the Code of Ordinances is hereby amended as shown on attached Exhibit "A" which is incorporated herein and made a part hereof. NOTE, within Exhibit "A" underline text represents additions, ~~strikethrough text~~ represents deletions, and ellipses (***)

SECTION TWO. Ordinances in Conflict. All ordinances or parts thereof, which may be determined to be in conflict herewith, are hereby repealed and superseded by this Ordinance, to the extent of such conflict.

SECTION THREE. Severability. If any section, sentence, phrase, word or portion of this Ordinance is determined to be invalid, unlawful or unconstitutional, said determination shall not be held to invalidate or impair the validity, force or effect of any other section, sentence, phrase, word or portion of this Ordinance not otherwise determined to be invalid, unlawful or unconstitutional.

SECTION FOUR. Codification. It is the intent of the City Commission of the City of Flagler Beach that the provisions of this Ordinance shall be codified. The codifier is granted broad and liberal authority in codifying the provisions of this Ordinance.

SECTION FIVE. Effective Date. This Ordinance shall become effective immediately upon its passage and adoption.

PASSED ON FIRST READING THIS 11TH DAY OF SEPTEMBER 2025.

PASSED AND ADOPTED THIS 13TH DAY OF NOVEMBER 2025.

CITY OF FLAGLER BEACH, FLORIDA
CITY COMMISSION

Patti King, Mayor

ATTEST:

Penny Overstreet, City Clerk

ARTICLE III. SPECIAL EVENTS

Sec. 4-101. Title.

This article shall be known as the Special Events Ordinance of Flagler Beach, Florida.

Sec. 4-102. Special Event Approval required; compliance with article provisions.

(a) All special events shall comply with the provisions set forth in this article and with all terms, conditions, and requirements identified in the special event application (SEA) approval. A special event held within the incorporated portion of the City shall require approval from the City.

Sec. 4-103. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Applicant. The individual(s) or entity that submits an SEA to the City to hold a special event. The applicant is responsible for compliance with terms and conditions set forth in the Special Events Ordinance. The owner or owners of any property on which a special event occurs shall also be deemed the applicant in terms of responsibility or liability for violation of this article or other federal, state, or local regulations occurring on any such property because of such special event.

Application means a written application for a proposed special event. The application form shall be provided by the City.

Certificate of Insurance is proof of insurance coverage for the insured party.

City event means those activities or events organized by the City.

City co-sponsored event. City co-sponsored events are community based and nonprofit events that are free to the public and approved by the City Commission to name the City as a co-sponsor. The City's level of co-sponsorship shall be determined by the sole discretion of the City Commission.

City services means any additional city run services beyond those that are regularly provided by the City such as additional police services, traffic control, crowd control, fire and/or emergency medical services, street closures, garbage cleanup, or other municipal services which may be necessary to service the event.

Commercial means for the purposes of this article the charging of a for-profit admission fee or for-profit sale and orders of goods or services; except that commercial zoning shall mean that category of zoning in the city land development regulations.

Cottage food vendor means an individual who produces and sells cottage food products in accordance with Section 500.80, Florida Statutes, and related rules of the Florida Department of Agriculture and Consumer Services (FDACS).

Fees shall mean any cost associated with a special event, including but not limited to, the application fee, any appeal fee, and all costs to be assessed or required by the City to support a special event as set forth by the City Commission by resolution, known as the Fee Schedule.

Home-based craft vendor means an individual who produces and sells handmade, non-food items from a residence on a limited basis and is not primarily engaged in operating a commercial business.

Public property means any public street, sidewalk, place, property, easement, structure, or facility owned, dedicated, controlled, or otherwise under the proprietary jurisdiction and control of the City.

Resolution means a resolution by the City Commission providing dollar amount of fees, licenses, and providing other special event criteria.

Special event means an event that is a non-routine happening or a social activity organized to include or attract people together in a defined area, which in the City's opinion, require city resources and services to ensure safety and coordination. Special events shall be classified as follows:

(1) *Major event.* An event of one (1) or more day duration with a cost of over two thousand five hundred dollars ($2,500.00) for city services, staff, overtime and equipment use.

(2) *Intermediate event.* An event of one (1) or more day duration with a cost of between five hundred dollars ($500.00) and two thousand nine hundred ninety-nine dollars ($2,999.00) for city services, staff, overtime and equipment use.

(3) *Minor event.* An event of one (1) day or less duration, with a cost of less than four hundred ninety-nine dollars ($499.00) for city services, staff, overtime and use of equipment.

Temporary structures include, but are not limited to, sheds, booths, bleachers, canopies, tents, stages, and fences for temporary purposes during an event. Such structures shall not be erected prior to "set-up" time and shall be removed by the "break-down" time limit.

Itinerant merchant (vendors or IMs) means any person, vendor, concession, business corporation, entity, or enterprise providing the immediate sale of goods or services, or orders for goods and services for profit at or in conjunction with any special event as defined above.

Sec. 4-104. Submission of Special Event Application to the City.

(a) A completed SEA must be submitted to the City no less than 30 days prior to a minor event, 40 days prior to an intermediate event, 60 days prior to a major event.

(b) All SEAs will be submitted to the City. A completed SEA will include a complete and accurate SEA, site plan sketch, SEA fee as established by resolution by the City Commission in a Fee Schedule, certificate of insurances naming the City additionally insured in the amount of one million dollars ($1,000,000.00) or two million dollars ($2,000,000.00) if the event includes pyrotechnics/fireworks. If the applicant is a non-profit, the application will include an Internal Revenue Service (IRS) determination letter.

Sec. 4-105. Review of Special Event Application.

(a) The City Manager or his/her designee shall make every attempt to review the application, inform the applicant if the application is incomplete, notify the applicant if the event is deemed a special event, of any additional requirements or modifications, and an estimate of costs within ten (10) business days of application receipt.

(b) The City will make every attempt to notify the applicant if the SEA is denied within ten (10) business days of application receipt. An SEA may be denied on any of the following grounds:

(1) The SEA, including any required attachments and submissions, is not fully completed and accurate.

(2) The applicant has not tendered the required application fee with the application.

(3) The applicant is legally incompetent to contract or to sue and be sued.

(4) The proposed event or activity is prohibited by or inconsistent with this Code, the city comprehensive plan, zoning district, or land use regulations.

(5) The activity described in the application would present an unreasonable danger to the health or safety of the applicant, participants, public employees or members of the public.

(6) The proposed event or activity is prohibited by federal, state, or local regulations.

(7) The event does not have or plan for adequate parking to accommodate the event.

(8) The event is proposed for a site that is inherently hazardous to the participants or other highway users.

(9) The event would have a substantial adverse impact on the health, safety, and welfare of neighboring residents and businesses of the proposed event.

(10) The Police Department in conjunction with other law enforcement agencies does not have sufficient resources to manage the necessary road closures and/or traffic control necessary to service the event.

(11) The requirements identified by the City to ensure public health, safety, and welfare have not been met.

(12) The City may reasonably limit the duration of the event including the hours of the event and the number of days it can be conducted to minimize adverse impact caused by the activity. Special event duration shall not exceed three (3) days.

(c) An applicant may appeal the denial of an application to the City Commission at the next available meeting. Any such appeal must be filed with the City Manager and/or his/her designee within three (3) business days of the date the application denial was sent to the applicant.

(d) If an event is not approved, the City shall not be responsible for any costs incurred in relation to the event.

Sec. 4-106. Itinerant Merchants (vendors/concessions/businesses).

(a) The applicant shall be responsible for providing the IM application form to each participating IM and obtaining and submitting completed IM application forms with copies of required licenses, insurances, and Local Business Tax Receipt to the City no later than ten (10) business days before an event. The City will provide the IM Permit to the applicant. The applicant shall be responsible for ensuring that every IM displays its city-issued IM Permit at all times during an event. Each separate IM must have a permit. Any person who claims to be an employee of an IM but appears to be operating as an independent merchant must be able to demonstrate to the satisfaction of the City that said person is in fact an employee and not an independent contractor; otherwise, that person will be classified as a separate IM. The applicant shall be held responsible for meeting the requirements of this article, including payment of the IM permit (per vendor). IM Permit fees must be paid to the City within five (5) business days after the event.

(b) Food vendors must meet all the requirements of the Division of Hotels and Restaurants of the State Department of Business and Professional Regulation and/or Department of Agriculture. Food vendors must submit documentation ten (10) business days prior to the event showing proof that they have been properly licensed by these agencies, and hold a certificate of insurance in the amount of one million dollars ($1,000,000.00) or as otherwise set by the City Attorney, with the City is named as an additionally insured. The certificate of insurance shall be provided to the City a minimum of ten (10) business days prior to the event.

(c) Other providers of goods or services must operate in compliance with the provisions set forth in this Code, [and] state statutes pertaining to those goods or services, and any other applicable state regulations. A violation of state law or regulation pertaining to said provision of goods or services shall be deemed a violation of this article.

(d) Each amusement ride/attraction must comply with the Standard Device Code 1997 edition or as new editions are adopted by the Florida Building Code, along with meeting all general liability requirements, and operator/owner must hold a one-million-dollar ($1,000,000.00) certificate of insurance with the City named as an additionally insured.

(e) If alcohol is to be served, applicant shall make special reference to alcohol liability in the SEA and on the appropriate IM permit.

(f) All proposed vendors, concessions, itinerant merchants, and/or stands/booths or designated sites for same shall be noted on the site plan sketch and approved by the City. All vendors must comply with fire code requirements and shall be inspected if deemed necessary.

(Ord. No. 2014-06, § 1, 3-13-14)

Sec. 4-107. Exemptions from special event requirements.

(a) An IM with an active Flagler Beach License Business Tax Receipt (LBTR) is exempt from the IM permit fee and must include its LBTR number on the IM application.

(b) Any special event applicant may request a need-based application fee waiver from the City Commission.

(c) Non-profit organizations in possession of an IRS certificate granting a tax-exempt status are exempt from the application fee. Non-profits must provide the IRS tax-exempt certificate in its SEA.

(d) Home-based craft vendors and cottage food vendors who do not hold a LBTR shall be exempt from requirement to provide an LBTR, provided that the vendor presents proof of registration with the Florida Department of Revenue for the collection and remittance of sales tax, along with completing an IM application and paying the IM permit fee.

(e) City events are exempt from special event requirements and fees.

Sec. 4-108. Special event application; costs/approval.

(a) If the SEA is approved, the applicant shall be required to pay all fees established by this ordinance as set by the Fee Schedule. The applicant shall remit 50% of the estimated cost, serving as a deposit, within three (3) business days of receipt of the estimate. The final invoice for event costs shall be paid in full within five (5) business days following the event. The deposit will be counted towards the final invoice amount. All IM fees are required to be paid in full no later than five (5) business days after the event is complete.

Sec. 4-109. Control of outdoor noise.

Control of outdoor noise shall be in accordance with the city noise control ordinance.

Sec. 4-110. Alcohol and beverage sales.

Alcohol and beverage sales conducted on the property on which the special event is being held shall be in accordance with state statutes and this Code, including Sec. 4-127(b)(4). Furthermore, it is the responsibility of the alcohol licensee to ensure that no open containers of alcohol sold on the premises shall be permitted beyond the designated special event site. All beverages shall be served in paper, plastic or aluminum containers. The applicant shall provide the means to prevent underage drinking. The dispensing of or sale and consumption of alcoholic beverages, at a special event, must be conducted only within a temporary or permanent permitted structure on property properly zoned for commercial activity, and the building and parking must meet all applicable building codes and regulations.

Sec. 4-111. Public law enforcement and private security services.

(a) The Police Chief or designee shall determine the number of public law enforcement personnel and private security personnel necessary to service a special event. Public law enforcement services shall be provided exclusively by the Police Department and its reserve officers, unless otherwise authorized by the Police Chief or designee. The applicant shall provide private security only when the Police Chief or designee determines it necessary under the circumstances.

(b) The Police Chief and/or his/her designee shall establish the appropriate time frames in which public law enforcement and private security are needed for each aspect of the special event. The applicant will provide a tentative schedule of activities for each day on the SEA. The City recognizes that the final schedule may change

and the Police Chief and/or his/her designee or the supervisor in charge of the detail shall have the authority to adjust the work schedule to cover any activities that may require additional or fewer public law enforcement services. Vehicle usage incurred by the result of such special services may vary due to scheduling adjustments determined and approved onsite by the police supervisor and reviewed by the applicant during the event. Any additional fees generated by scheduling adjustments shall be the responsibility of the applicant.

(c) If offsite traffic control is necessary, due to the high volume of traffic generated by the event, as determined by the Police Chief and/or his/her designee; the applicant shall pay the City for all costs related to providing this service.

(d) In the event the applicant is authorized to utilize sworn law enforcement officers from an agency other than the police department, that agency must meet the requirements for security at the discretion of the Police Chief and/or his/her designee. Law enforcement officers from other agencies shall be responsible for arresting, booking and transporting arrestees as the law may require in each situation.

(e) The fee schedule for determining officer personnel, administrative, and equipment costs, to be paid in advance by the applicant(s) of the event, shall set forth by the Commission in a Fee Schedule resolution.

Sec. 4-112. Public works services.

(a) Should the services of the City Public Works Department be required, the number of personnel, type of equipment and the type of public works services required to service the event shall be determined by the City.

(b) The fee for determining public works department personnel and equipment costs to be paid by applicant shall be those set by a fee schedule formula adopted by a resolution.

Sec. 4-113. Building department services.

The number of building department personnel and services required to service the special event shall be limited to inspection services required by the Florida Building Code. All inspection/permit fees for these services shall be paid by the applicant as set by a fee schedule formula adopted by a resolution.

Sec. 4-114. Portable toilets; number required, locations, servicing.

(a) The ratio of one (1) portable toilet for up to one hundred fifty (150) people, and one (1) portable toilet for every additional one hundred fifty (150) people (or fraction thereof) onsite at any one (1) time, shall be considered the normal requirement, but may be reasonably adjusted by the City for specific events. The location of portable toilets and number of ADA compliant portable toilets shall be approved by the City.

(b) All portable toilets shall be serviced a minimum of one (1) time per day for each day of the event. Any units located on public property shall be removed no later than twenty-four (24) hours after the conclusion of the event. Structures on the event site that have toilet facilities easily identified and readily available to the public, and require no charge to the public to have access or to utilize them may be used in the formula.

Sec. 4-115. Garbage pickup; servicing; fees.

(a) The number and location of portable garbage cans and dumpsters located on the property on which the special event is conducted shall be determined by the City.

(b) The formula for determining the number of portable garbage containers shall be three (3) sixty-four (32)-gallon size containers for every fifty (50) persons attending the event, per day. There shall be a minimum of one (1) six-cubic-yard capacity garbage dumpster available onsite during the duration of the event. An additional four (4)-cubic-yard capacity dumpster shall be added for every three hundred (300) persons per day over one thousand five hundred (1,500). All portable containers on and off site shall be emptied a minimum of one (1) time per day for each day of the event. Dumpster(s) may be serviced as needed. All garbage containers temporarily located on public property shall be removed no later than twenty-four (24) hours after the

conclusion of the event. Garbage container and dumpster pickup fees shall be the responsibility of the applicant(s). The above formula may be adjusted to allow for functionally equivalent garbage service. Dumpsters may be rented from the City as set by a fee schedule formula adopted by resolution. If dumpsters are attained from another source besides the City, they must be rear load dumpsters and the City is to be the sole provider of trash removal services not associated with construction activities unless they are in possession of a city business tax receipt to conduct such services.

(c) The applicant shall be responsible for maintaining the event site and public property from trash, garbage, litter and any other debris within five hundred (500) feet of the boundaries of the property line on which the special event takes place. This responsibility shall extend from the first calendar day of the special event consecutively through the first twenty-four (24)-hour period after the last day of the special event. The property shall be maintained in the same or better condition existing prior to the commencement of the special event. The applicant is responsible for removing all remaining trash or debris gathered or relocated on the property as a result of the event. Uncontained accumulation of trash/debris is prohibited, and the City retains the right to remove accumulations and back charge the special event applicant for the cost incurred.

Sec. 4-116. Location of public parking; transportation services.

The applicant shall be responsible for submitting a site plan sketch that allows for adequate public parking, and special event shall only be approved for those events with adequate onsite parking. The site plan sketch shall designate all available parking and proposed locations for temporary signage. Temporary parking signage shall be regulated pursuant to article VII of the Land Development Code. The formula for determining adequate available parking shall be the estimated number of attendees divided by two and one-half (2.5) people per car. Attention shall be given to traffic circulation and emergency access for police, fire, and medical personnel. The applicant(s) may be required to post approved signage at all designated parking and make allowances for the security of all parking areas during the duration of the event. All signs shall be removed within twenty-four (24) hours of the event closing. Written permission from property owners approving offsite parking shall be provided. The applicant(s) shall designate and maintain adequate and easily accessible parking location for all security, fire protection, and emergency medical services onsite. Failure to provide for adequate parking and/or transportation services, during the planning stages, shall be grounds for event disapproval. The parking formula may be adjusted by the City.

Sec. 4-117. Public street barricades/street closures/detours.

The City shall have the full authority to close any city street or roadway and/or the detour of all traffic flow on any city street or roadway in relation to the management of an approved special event. The applicant(s) is responsible for submitting a site plan sketch detailing the proposed street closure. Approved barricades and temporary signage for approved locations shall be provided by the applicant, subject to city approval. Barricades may be supplied by the City at the designated rate as specified by a Fee Schedule adopted by resolution of the City Commission. It shall be the responsibility of the applicant to provide setup and breakdown of barricades and temporary signage; if not city property; at the approved times as determined by the City.

The City shall have the authority to request from the State road closures for any State-owned roadways for the purposes of special events in designated time frames.

Sec. 4-118. Emergency vehicle access.

Access, traffic lanes, and parking for emergency vehicles shall be determined and approved by the City Manager and/or his/her designee, Chief of Police, and Fire Chief when deemed necessary; and in accordance with all state, federal regulations.

Sec. 4-119. Pedestrian traffic access.

Pedestrian traffic access from parking areas to the event involving the crossing of a major thoroughfare may require additional traffic control measures to be implemented as determined by the City.

Sec. 4-120. Temporary structures; integrity, height, location.

It shall be the responsibility of the applicant of the special event to ensure that the structural integrity of all temporary structures erected for the special event are safe, structurally sound and adequately based on the number of persons specified to use the structure(s). The location of all temporary structures, erected for the purpose of the special event, shall be approved by the City and shall not be located as to damage the environment or to create safety concerns. All temporary structures shall be properly anchored against the possibility of strong weather conditions. Temporary structures, if deemed necessary will be inspected and approved by the City or their representatives.

Sec. 4-121. Location of staff management headquarters/telephone numbers/sound system location/uniform identification.

Applicant shall be responsible to provide the City with the location of the special event management staff headquarters and contact information during the event and after hours for emergency situations. Name(s) of onsite contact person(s) and telephone number(s) shall be collected in the SEA. Applicant(s) staff personnel shall wear identification (shirts, badges, or other easily identifiable means) to indicate event staff affiliation during the open hours of the event. Location of public address sound system shall be designated on the site plan sketch. Applicant must have a designated person in charge of the event at all times.

Sec. 4-122. Number and location of special needs.

Specific proposed locations shall be designated on the site plan sketch to ensure accessibility. This shall include such items as launching areas for watercraft, pet and animal attractions, active equipment operations, car shows, and any other activities unique to the special event.

Sec. 4-123. Temporary signs/banners.

Temporary signs and banners shall be regulated pursuant to article VII of the Land Development Code.

Sec. 4-124. Promotional visual effects.

All special lighting and/or visual effects such as high-powered sky lighting units or fireworks attractions must be approved by the City. The location of visual effects shall also be approved by the City.

Sec. 4-125. Miscellaneous requirements.

(1) *Inspections to ensure compliance.* The City may initiate safety and/or complaint inspections. The inspections are to ensure compliance by the applicant and all associated applicants, owners, itinerant merchants and their special event staff.

(2) *Permits—Other.* All federal, state and city-required permits (Department of Environmental Protection, Department of Transportation, Division of Alcoholic Beverages and Tobacco, Federal Aviation Administration, fire permits, etc.) shall be obtained by the applicant and provided to the City if deemed necessary five (5) business days before the special event.

(3) *Accessibility for people with disabilities.* All applicable laws and requirements for accessibility and accommodations shall be met by the applicant(s) regarding structures, site locations, and event activities. This will be noted in the site plan sketch. It shall be the applicant's responsibility to comply with state and federal access requirements, including parking and sanitation needs.

(4) *Late fees.* Any outstanding balances due the City from the event applicant, later than thirty (30) days after the last day of the event, will be subject to late fees as established by a fee schedule formula

adopted by resolution by the City Commission. No new permit shall be issued to an applicant/organization with past due amounts.

Sec. 4-126. Penalties and enforcement.

Any person violating any of the provisions of this article shall be prosecuted in the same manner as misdemeanors are prosecuted. Such violations shall be prosecuted in the name of the state in a court having jurisdiction of misdemeanors by the prosecuting attorney thereof and, upon conviction, shall be punished by a fine not to exceed five hundred dollars ($500.00). Each incident or separate occurrence of any act that violates this article shall be deemed a separate offense. In addition to the penalties provided under this section, violators of this article shall be subject to any other appropriate civil or criminal action provided by law in a court of competent jurisdiction, including, but not limited to, injunctive relief and code enforcement under F.S. ch. 162.

Sec. 4-127. Temporary waivers from certain Code provisions.

(a) The City Commission may grant temporary waivers from the provisions of this Code as provided herein. Such waivers shall apply for the duration of the special event unless the City Commission includes a shorter duration for the temporary waiver as a condition of approval of the waiver. In no event shall a waiver granted herein apply beyond the duration of the special event. The City Commission shall not grant a temporary waiver to any provision of this Code not specifically contained herein.

(b) The provisions of this Code for which waivers may be granted and the criteria for granting such waivers are:

(1) A temporary waiver of the prohibition of or special exception requirement for temporary structures provided in the section 2.04.02.8 and from the location and lot coverage restrictions provided in section 2.06.08.4.1 shall be granted upon a showing by competent substantial evidence that:

a. The flow of pedestrian and vehicular traffic on the subject property will not be negatively impacted;

b. No temporary structures located on the subject property will be located in relationship to a street or highway in such a manner as to cause threats to vehicular or public safety;

c. Trees and vegetation located on the subject property will not be removed or destroyed as a result of locating temporary structures on the subject property; and

d. Temporary structures shall not exceed the height limitations provided for the zoning district in which they are located.

(2) A temporary waiver from the number of required off-street parking spaces required by section 2.06.02.1(2) may be granted upon a showing by competent substantial evidence that:

a. Adequate parking exists on the property on which the special event shall occur or the applicant provides a signed temporary parking agreement to use off-site off-street parking within walking distance to the special event; and

b. The special event is timed in such a manner that the use of on-site off-street parking and/or off-site off-street parking would not cause existing uses of such properties to be deficient in required parking spaces during the business or operating hours of such uses; the owner of the property or tenant engaged in the permitted use shall be required to execute a sworn affidavit stating its business or operating hours in order to establish this criterion is met.

(3) A temporary waiver from the prohibition on concessions on the beach provided in section 6-1 shall be granted upon a showing by competent substantial evidence that:

a. The concessions shall not impede pedestrian access and traffic on the beach;

b. The concessions shall not impede emergency vehicle access to or on the beach; and

c. The applicant will adequately collect, contain and remove trash and solid waste from the beach during the special event; said plan shall contain an agreement between the City and the applicant that the applicant shall be responsible for providing, emptying and removing trash containers included in the applicant's plan.

(4) A temporary waiver from the prohibition on consumption and dispensing alcoholic beverages in public parks and recreation areas and upon the municipal pier provided in sections 6-73 and 6-27 shall be granted upon a showing by competent substantial evidence that:

a. All necessary licenses for any sale or distribution of alcoholic beverages have been or will be obtained;

b. The applicant will take appropriate measures to ensure compliance with section 4-110 herein; and

c. The consumption of alcoholic beverages with comply with all other federal, state and local laws and regulations.

(5) A temporary waiver from the prohibition on blocking streets, sidewalks and public places provided in section 14-11 shall be granted upon a showing by competent substantial evidence that:

a. The blocking of the street, sidewalk or public place will not create a public safety hazard;

b. Effective and convenient detour routes exist;

c. The detouring of vehicular and/or pedestrian traffic will not create public safety hazards on detour routes; and

d. Appropriate signage will be placed by the applicant to warn vehicular and pedestrian of the blockage and notify vehicular and pedestrian traffic of detour routes.

(c) Upon written request of the applicant, the City Commission shall conduct a quasi-judicial hearing to consider waivers of certain provisions of this Code. The applicant's request for a hearing to consider waivers shall include: the Code provisions for which a waiver is sought, the specific activity for which the waiver is needed and a sworn statement explaining how the criteria for the requested waiver stated herein are or will be satisfied. At the hearing on the request for waivers the City Commission shall hear testimony related to the criteria for waiver stated herein from the applicant, city staff and the public. After receiving testimony, the City Commission may grant the requested waiver in full or in part, grant the requested waiver with conditions or deny the requested waiver. The City Commission's decision shall be based on competent substantial evidence received at the hearing.

Secs. 4-128—4-160. Reserved.

Corvettes at the Beach
24th Annual Corvette Show
Flagler County Corvette Club
Date: Oct. 11, 2026 from 7am to 4pm

1. Ask the City of Flagler Beach to be a co-sponsor of the event.

2. Ask the City to provide the following to support the show.

A. Use of Veteran's Park and surrounding streets as marked on 2 site plans/maps. Turn off irrigation system so it does not go off Saturday night or Sunday during the day.

B. Use of the Commission Hall 10/10/26 Saturday, to store show supplies. The time to be determined.

C. Use of the Commission Hall on show day, 10/11/26, from 7AM to 4PM. For car show registration (stops at 10PM, just club members after 10 AM) and all day clerical work.

D. An alternative to B and C is bring supplies Sunday 7AM and use the main entrance for car show registration Etc. We will need electricity to run 2 laptops and one printer.

E. Supply electricity to the DJ from a plug in Veteran's Park.

F. Supply 15 barricades to be staged as marked on Show Field Overview site plan Saturday 10/10/26. Club members will position the barricades at 7AM Sunday morning. After the show is over, cub members will move the barricades to a safe position on each corner.

G. We ask permission to use the rest rooms in the City Hall's main entrance and the public restrooms at the pier. If our Special Event Application is approved, we will ask some business to help, if needed.

H. Give the Flagler County Corvette Club permission to use the words "City of Flagler Beach" and the City Seal in our promotion of the show. They would be mainly used on our show flier and in promotional e mails.

I. If the City of Flagler Beach would agree to be a Corvettes at the Beach co-sponsor, would the City be willing to cancel any City "Special Event" fees billable to the Flagler County Corvette Club over $350.00?

J. Give the City Manager's office and or the City Clerk's office the ability to make changes to the show that the Flagler County Corvette Club requests or the City managers feel necessary on behalf of the City.

Greg Norton
Flagler County Corvette Club
Show Chairman

City of Flagler Beach
SPECIAL EVENTS APPLICATION

105 South 2nd Street,
Post Office Box 70
Flagler Beach, Florida 32136
Phone (386) 517-2000 Fax (386) 517-2008

INSTRUCTIONS:
Please print or type all information. The application must be filled out accurately and completely. Answer all questions. Do not leave an item blank. If an item does not apply, write N/A (not applicable). Incomplete applications will not be considered. All statements made on the application are subject to verification.
If you have a 5013 C exemption certificate please attach a copy to this application for the application fee waiver.

OFFICE USE ONLY
DATE REC'D _____
FEE REC'D $_____
INITIALS: _____
APPROVED ☐
DISAPPROVED ☐
REASONS:
_____
_____
_____
PX _____
BY:
CITY SPONSOR: ☐ YES ☐ NO

Please type or print legibly
Required Information

Name of Event Producer\Promoter: Corvettes at the Beach

Type of Organization: ____non-profit ✓ profit ____charitable ____government

Will the City be asked to sponsor or co-sponsor? ✓ Yes ____No

Contact Person: Gregory Norton

Address: 161 Erie Dr.

City: Palm Coast State: Fl Zip: 32164

Work Phone: N/A Home Phone: 386-437-6888

Fax: N/A Mobile Phone: 732-768-6867

E-Mail Address: gregnorton@bellsouth.Net

Billing Information

Is the party responsible for billing same as above? ____Yes X No
If No, please provide the proper information below:

Attention: Flagler County Corvette Club
Dianne Kirchgessner-Treasure
Address: 4 Wilmart Pl.
City Palm Coast State Fl Zip 32164
Cell
Work Phone: 386-451-9514 Fax: N/A

EVENT INFORMATION

Event Name: Corvettes at the Beach

Date(s) Requested: October 11, 2026

Location: Veteran's Park & surrounding streets

Brief Description of Event: Flagler County Corvette Club's annual Corvette car show

Site Plan Required: Attached? X Yes ___ No
If No, explain here:

Will admission fee be charged for event? ___ Yes 7 X No Not to the public

Event Time: Date 10/11/26 Start 7 Am End 4:00 PM

Date ___ Start ___ End ___

Date ___ Start ___ End ___

Set Up: Date 10/10/26 Start 4:30 PM End 5:30 PM ? May not be needed

Break Down: Date 10/11/26 Start 3:30 PM End 4:00 PM

Rain Date: Date ? Start ___ End ___
* only needed if there is a hurricane

Total Number of Expected attendees\participants: 250

Age Breakdown: ___ 1-10 ___ 11-18 ___ 19-25 X 26-40 X Over 40

Have you held this event previously? ___ No X Yes

If Yes, Previous Date(s): 11 years, from 10/11/09 to 10/13/19

Location: Veteran's Park & streets - see site map

Does this event differ from previous years? X No ___ Yes

If Yes, explain how: ___

SIGNS\BANNERS

Will you require signs and banners at your event? ___ No ? Yes
If Yes, list # and dimensions of each:

Proposed locations: only signes like the small real estate ones. For directing show participants to registration.
Corners. Daytona & 100, S. Central & 100, A1A & 100, S 4th & A1A

PARADES

Parade permits for SR A1A or SR 100 are provided by FDOT. The City will apply for the permit but can not guarantee approval. A map of the route designating requested street closures must be attached.

Estimated number of parade units in each category: N/A

_____ Bands _____ Floats _____ Cars _____ Marching units _____ Miscellaneous

Parade time	Date:_____	Start _____am\pm	End _____am\pm
Set-up time	Date:_____	Start _____am\pm	End _____am\pm
Break down	Date:_____	Start _____am\pm	End _____am\pm
Rain date	Date:_____	Start _____am\pm	End _____am\pm

TRAFFIC

Will normal traffic patterns be altered by the event? ___No

If Yes, explain: S. 4th to S. Central until 10Am, S. Central to S. 3rd Parts of S. 3rd & S. 2nd. See site map

Will public parking, streets, sidewalks, etc. be restricted or obstructed?

___No X Yes (If yes, designate on site sketch)

Does your plan include on-site parking? X No ___Yes (If yes, designate on site sketch)

Does your plan include off-site parking? X No ___Yes (If yes, designate on site sketch)

Will shuttles be used to transport? X No ___Yes No sidewalks will be restricted

FACILITY REQUIREMENTS

Location of these structures are required to be on Site Plan.

Will you utilize temporary structures at event? ___No X Yes

If yes, indicate # of each: ___ Stages 2 Tents ___ Scaffolding ___ Booths ___ Fences

_____ Concession Stands ___ Miscellaneous Pop up

Note: Special Permits are required for tents exceeding 200 SF. Special Building permits are required for temporary structures 700 SF or more in area and those that are four feet above grade.

How many tents exceeding 200 sq. ft. will be used? N/A List tent location and size:_____

Will you need electric? ___No X Yes

If yes, type of equipment: typical D.J. f2 Lap Top computers & 1 Printer # of Amps needed: 20

Will you employ an electrician? X No ___Yes

If yes, provide name & phone number: _____

PROPOSED RETAIL SALES

*** Note: All vendors are required to complete an Itinerant Merchants License application**

Estimated total number of vendors: _____ Estimated # of each type of vending: ____ Crafts ____ Clothing ____ Food/Beverage ____ Jewelry ____ Misc (Describe in detail below.)

N/A

Prepared Food and Alcoholic Beverages\Liquor Liability

Will food\beverage be prepared\sold at this event? X No _____Yes (If yes, see below.)
Note: Fire extinguishers are required and will be inspected by the Flagler Beach Fire Department, Department of Business & Professional Regulation or Department of Agriculture licenses are required and copies must be provided to the City, additional liability insurance required as set by Special Events Ordinance.

Will alcoholic beverages be dispensed, provided or served? X No ___Yes (If yes, see below.)
Note: Liquor Liability Coverage required.

Name of Organization licensed to serve alcohol at this event: _____

This organization is _____for profit _____not for profit

RESTROOM FACILITIES

Toilet Facilities available?* ____No X If Yes, how many: 4 (2 @ City Hall 2 @ Pier)

Will you provide Port-o-lets?* X No ____ If Yes, how many: _____ (Designate on site plan.)
**Note: ADA requires one handicapped restroom in each group of restrooms*

AMERICANS WITH DISABILITIES ACT

ADA requires with accessibility guidelines as adopted by the State of Florida are now in effect.

SANITATION

Please review the Special Events Ordinance, and the current fiscal year Fee and Fine Schedule.

POLICE SERVICES\CROWD CONTROL

Please review the Special Events Ordinance for Police\Security requirements.

LIABILITY INSURANCE WILL BE REQUIRED

See Special Events Ordinance for insurance\indemnity requirements

SIGNATURE(S)

I understand this is an application only and does not obligate the City in any fashion to reserve any facility location or approve an event. I also understand that if application is approved, non-compliance with event ordinances and agreements within these pages, could impact future event terms or approvals.

Signature of Applicant Gregg Norton Date 1/20/2026

Title of Applicant Car Show Chairman

Affiliation Flagler County Corvette club

CITY OFFICIALS

City Services Required by Department Heads

Chief of Police:

Fire Chief:

Sanitation:

Parks & Recreation:

Public Works:

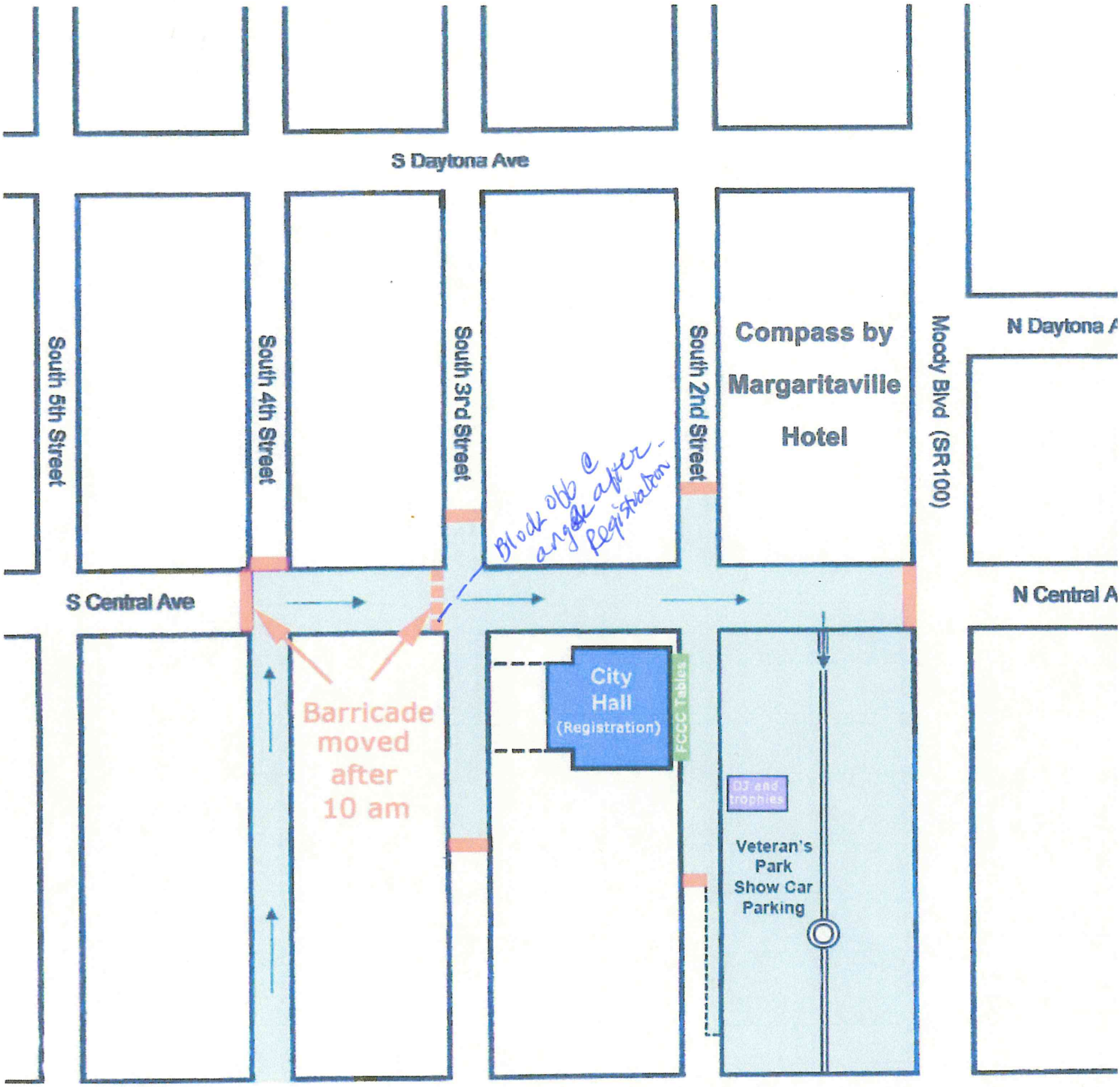
Engineering:

Building:

Planning:

Sign off by City Commission Chair if required:

_____ Date _____



2026 Corvettes at the Beach

Show Field Overview

Barrell Style

Street Barricades / No Parking Areas

Street Access / Entrant Parking

Show Registration

DJ and Trophy Display

Pop Ups FCCC Sales / Raffle Tables

Corvettes on the Beach 24th Annual Corvette Show
Flagler County Corvette Club
Sunday Oct. 11, 2026 7am to 4pm

Below are the street closures requested. Closures would be done using City supplied barricades.

1. Veteran's Park is the main car show field.
2. South Central / Moody Blvd. To South 4th (moved to South 3rd at 10am).
3. A1A / South 4th to South Central (road used as car show entrance. At 10am barricades moved to the corner of South 3rdi and South Central).
4. A1A/South 2nd to parking lots West corner. Will not block paid parking lot driveway.
5. South 2nd from South Central (going West) to left side Vessel's parking lot entrance.
6. South 3rd and South Central (going Corner to Corner) on the West side.
7. South 3rd from South Central (going East) up to the old bank parking lot exit. Will not block paid parking lot driveway.
8. City/Museum private parking lot for club car parking.

Any area blocked off after 10am, if moving the barricades creates better traffic flow and does not put spectators in danger, we will reposition those barricades.



2026 Corvettes at the Beach

Show Field Overview

B=Barricade

TTL 15 Barricade

Street Barricades / No Parking Areas

Street Access / Entrant Parking

Show Registration

DJ and Trophy Display

FCCC Sales / Raffle Tables

2/24/26

West


SOUTH
NORTH
Compass Hotel
10 AM Registration
10AM
City Hall (Registration)
FCCC Tables
DJ and Trophies
Show Car Entrance
Parking Spaces
East A1A
2/24/26

Dale Martin

From: Dale Martin
Sent: Thursday, March 19, 2026 2:07 PM
To: Greg
Cc: Paul Kachura
Subject: RE: S. 2nd Street (West) Business Survey

Good afternoon, Mr. Norton:

Thank you for conducting that outreach effort. I will add that information for the City Commission's consideration (it is that body that makes the ultimate determination, not City staff) at next week's meeting.

Mr. Dale Martin
City Manager
Office: (386) 517-2000 ext. 222
Cell: (386) 780-4828
Address: 105 S. 2nd Street, Flagler Beach, FL 32136 www.cityofflaglerbeach.com City of Flagler Beach Facebook My Flagler Beach App

Florida has a very broad Public Records Law. Virtually all written communications to or from state and local officials and employees are public records available to the public and media upon request. The City of Flagler Beach's policy does not differentiate between personal and business emails. This means email messages, including your email address and any attachments and information we receive online might be disclosed to any person or media making a public records request. Email sent on City systems will be considered public and will only be withheld from disclosure if deemed confidential or exempt pursuant to State Law. If you are an individual exempt under 119.071, Florida Statutes, please indicate so in your email or other communication. If you have any questions about the Florida public records law, refer to Chapter 119 Florida Statutes.

-----Original Message-----
From: Greg <gregnorton@bellsouth.net>
Sent: Thursday, March 19, 2026 2:03 PM
To: Dale Martin <dmartin@cityofflaglerbeach.com>
Cc: Paul Kachura <pkvette@yahoo.com>
Subject: External - SOUTH 2ND BUSINESS SURVEY

Caution: This email originated from outside the organization. Do not click or open attachments unless you recognize the sender and know the content is safe.

Mr. Martin,

After meeting with you on 3/18/26, we went to the businesses on South 2ND Street, Western section and talked to the owners or managers. Our discussion first informed them of our special event request to bring back the Flagler County Corvette Club Corvettes at the Beach car show on 10/11/2026. We asked them if they objected to closing South 2ND St. W on our show date from 7AM to 4PM. Their comments are as listed below.

The Sell By Group real estate agency is closed Sundays and said no objection to street closing and her husband owns a Corvette.

Vessel's Sandwich Company is closed Sundays and said no objection to street closing.

Yes Coffee Manager had no objection but we should talk to the owner.

Charboozie was not open when we were surveying the businesses, but their Sunday hours are 12PM to 6PM.

At Uncle Louie, we talked to Michael's wife and she had no objection and thought bringing people to the streets of Flagler Beach was a good thing but we should confirm with Michael. Their Sunday hours are 12PM to 6PM.

We will canvas more businesses before next weeks meeting.

Is this enough information for you so that we can keep our original street closure for S 2ND W Street?

City of Flagler Beach
Special Events Fee Worksheet Corvette Show 2016

Description of Fees	Ordinance Reference	Fee Amount	
General Government			**General Government Total $129.00**
Event Permit Application Fee Refundable Deposit Amount. (If application is denied 50% of application fee is refundable.)	4(A),(B); 3 definitions	Major Event $200.00 Deposit $500.00 (costs over $5,000.00 for City Services) 2 or more days Intermediate Event $100.00 Deposit $500.00 (costs $1,000.00 to $4,999.00 for City Services) 2 or more days Minor Event $50.00 Deposit $200.00 (costs less than $1,000.00 for City Services)	Exempt from application fee
Itinerant License Fee	5(A)	$35.00	Vendors 1 @ 35.00 = ____$35.00
Use of Electric		$35.00	$35.00
Tables		$4.00 each	6 @ $4.00 each = $24.00
Use of Restrooms		$35.00	$35.00
Police Department			**Police Department Total $270.00**
Personnel	12 (B) (C),(E)	Special Duty Rate $36.00 per hour	**7.50 X 35.00 =$270.00**
Equipment	12(B),(E)	.26¢ per mile	____ miles @ .26/mile = $
Public Works			**Public Works Total $55.12**
Personnel	13(B)	1½ times the payroll rate for each member of staff	1 hour laborer 31.12
Barricades\signage	18	$2.00 per item	12 barricade/signs @$2.00 = __$24.00_____
Sanitation			**Sanitation Total $75.00___**
		Special Pick up fee	$75.00
Administration			**Admin Cost Total $158.74**
		Additional 30 % of total cost of personnel & equipment and services	**529.12 X .30 =158.74**

Total **$687.86**

Minus 270.00 paid directly to Police and $35.00 IM fee paid by Vendor **$305.00**

Total Due **$382.86**

Remit Payment To:
City of Flagler Beach
Attn. City Clerk
P.O. Box 70
Flagler Beach, Florida 32136

City of Flagler Beach
ESTIMATE Special Events Fee Worksheet Corvette Show 2017

Description of Fees	Ordinance Reference	Fee Amount	
General Government			**General Government Total $129.00**
Event Permit Application Fee Refundable Deposit Amount. (If application is denied 50% of application fee is refundable.)	4(A),(B); 3 definitions	Major Event $200.00 Deposit $500.00 Intermediate Event $100.00 Deposit $500.00 Minor Event $50.00 Deposit $200.00	Exempt from 100.00 application fee Not for Profit Designation
Itinerant License Fee	5(A)	$35.00	Vendors 1 @ 35.00 = $35.00
Use of Electric		$35.00	$35.00
Tables		$4.00 each	6 @ $4.00 each = $24.00
Use of Restrooms		$35.00	$35.00
Police Department			**Police Department Total $270.00**
Personnel	12 (B) (C),(E)	Special Duty Rate $36.00 per hour	**7.50 X 36.00 =$270.00**
Equipment	12(B),(E)	.26¢ per mile	____ miles @ .26/mile = $_____
Public Works			**Public Works Total $81.45**
Personnel	13(B)	1½ times the payroll rate for each member of staff	1.5 hours laborer 38.30 = 57.45
Barricades\signage	18	$2.00 per item	12 barricade/signs @$2.00 = __$24.00____
Sanitation			**Sanitation Total $75.00**___
		Special Pick up fee	$75.00
Administration			**Admin Cost Total $166.63**
		Additional 30 % of total cost of personnel & equipment and services	**555.45 X .30 =166.63**

Total **$722.08**

Minus 270.00 paid directly to Police **$270.00**

Minus $35.00 IM fee paid by Vendor **$ 35.00**

Total Due to City **$417.08**

Remit Payment To:
City of Flagler Beach
Attn. City Clerk
P.O. Box 70
Flagler Beach, Florida 32136

City of Flagler Beach
ESTIMATE Special Events Fee Worksheet Corvette Show 2018

Description of Fees	Ordinance Reference	Fee Amount	
General Government			**General Government Total $229.00**
Event Permit Application Fee Refundable Deposit Amount. (If application is denied 50% of application fee is refundable.)	4(A),(B); 3 definitions	Intermediate Event $100.00 Deposit $500.00	Exempt from 100.00 application fee Not for Profit Designation
Itinerant License Fee	5(A)	$35.00	Vendors 1 @ 35.00 = $35.00
Use of Electric		$35.00	$35.00
CRA Event Tent		$100.00	$100.00
Tables		$4.00 each	6 @ $4.00 each = $24.00
Use of Restrooms		$35.00	$35.00
Police Department			**Police Department Total $270.00**
Personnel	12 (B) (C),(E)	Special Duty Rate $36.00 per hour	**7.50 X 36.00 =$270.00**
Equipment	12(B),(E)	.26¢ per mile	___ miles @ .26/mile = $
Public Works			**Public Works Total $81.45**
Personnel	13(B)	1½ times the payroll rate for each member of staff	1.5 hours laborer 38.30 = 57.45
Barricades\signage	18	$2.00 per item	12 barricade/signs @$2.00 = __$24.00____
Sanitation			**Sanitation Total $75.00___**
		Special Pick up fee	$75.00
Administration			**Admin Cost Total $203.83**
		Additional 30 % of total cost of personnel & equipment and services	**679.45 X .30 =203.83**

Total	**$883.29**
Minus 270.00 paid directly to Police	**$270.00**
Minus $35.00 IM fee paid by Vendor	**$ 35.00**
Total Due to City	**$578.29**

Remit Payment To:
City of Flagler Beach
Attn. City Clerk
P.O. Box 70
Flagler Beach, Florida 32136

City of Flagler Beach

ESTIMATE Special Events Fee Worksheet Corvette Show 2019

Description of Fees	Ordinance Reference	Fee Amount	
General Government			**General Government Total $312.00**
Event Permit Application Fee Refundable Deposit Amount. (If application is denied 50% of application fee is refundable.)	4(A),(B); 3 definitions	Intermediate Event $100.00 Deposit $500.00	Exempt from 100.00 application fee Not for Profit Designation
Itinerant License Fee	5(A)	$35.00	Vendors 4 @ 35.00 = $140.00
Use of Electric		$35.00	$35.00
Tables		$4.00 each	8 @ $4.00 each = $32.00
CRA Tent		$70.00	$70.00
Use of Restrooms		$35.00	$35.00
Police Department			**Police Department Total $270.00**
Personnel	12 (B) (C),(E)	Special Duty Rate $36.00 per hour	**7.50 X 36.00 =$270.00**
Equipment	12(B),(E)	.26¢ per mile	____ miles @ .26/mile = $_____
Public Works			**Public Works Total $307.25**
Personnel	13(B)	1½ times the payroll rate for each member of staff	1.5 hours laborer 38.30 = 57.45
		1 ½ times payroll rate installation and disassembly of CRA Tent	1.5 hours X's 4 men X's 38.30 =$229.80
Barricades\signage	18	$2.00 per item	10 barricade/signs @$2.00 = __$20.00____
Sanitation			**Sanitation Total $75.00**
		Special Pick up fee	$75.00
Administration			**Admin Cost Total $247.27**
		Additional 30 % of total cost of personnel & equipment and services, does not include Itinerant license fee (Vendors)	**824.25 X .30 =247.27**

Total	**$1211.52**
Minus $270.00 paid directly to Police	**$270.00**
Financial Comp approved by City Commission at 04-11-2019 meeting	**$578.29**
Total Due to City	**$363.23**

Remit Payment To:
City of Flagler Beach
Attn. City Clerk
P.O. Box 70
Flagler Beach, Florida 32136

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	William Freeman, City Engineer/Public Works Administrator
Meeting Date:	March 26, 2026
Item Name:	Resolution 2026-18. A Resolution of City of Flagler Beach, Florida, relating to the State Revolving Fund Loan Program; making findings; authorizing the loan application; authorizing the loan agreement; establishing pledged revenues; designating authorized representatives; providing assurances; providing for conflicts, severability, and effective date.

Background:

The City of Flagler Beach is seeking financial assistance through the Florida Department of Environmental Protection (FDEP) Clean Water State Revolving Fund (CWSRF) Loan Program for Project No. WW18014 – SAHM Lift Station Hardening Improvements.

This project will support planning and evaluation activities associated with improvements to critical wastewater infrastructure, including lift station hardening and related resiliency measures. The project planning phase will include development of a facilities plan, coordination with stakeholders, and identification of improvements necessary to strengthen the City's wastewater system and maintain reliable service.

The City is seeking a loan of approximately $19,000,000, of which half ($9,500,000) will be eligible for forgiveness. Under the CWSRF program requirements, the City Commission must formally authorize submission of the loan application, designate authorized representatives, and pledge revenues for loan repayment prior to entering into a loan agreement with FDEP.

The proposed resolution authorizes the City to apply for SRF funding, designates the City Manager as the authorized representative for the application process, and designates the Mayor as the official authorized to execute the loan agreement and related documents on behalf of the City.

Fiscal Impact:

The SRF loan program provides below-market financing for eligible wastewater infrastructure projects. Acceptance of this resolution authorizes the City to apply for the loan; however, no fiscal obligation is incurred until a loan agreement is executed and brought back before the Commission for approval.

Staff Recommendation:

Staff recommends approval of Resolution 2026-18, authorizing the City of Flagler Beach to apply for and enter into a State Revolving Fund loan agreement with the Florida Department of Environmental Protection for Project No. WW18014. The application requests funding of approximately $19,000,000, of which half ($9,500,000) will be eligible for forgiveness.

Attachments:

1. Resolution 2026-18 CWSRF
2. CWSRF SA-HMW IUP_DRAFT_11-10-25_0
3. Loan Application Part 1
4. Loan Application Part 2
5. Loan Application Part 3
6. Loan Application Part 4
7. Flagler Beach Loan Opinion
8. Flagler Beach Commission_SAHM 4 LS_presentation

RESOLUTION NO. 2026-18

A RESOLUTION OF CITY OF FLAGLER BEACH, FLORIDA, RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; AUTHORIZING THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCES; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.

WHEREAS, Florida Statutes provide for loans to local government agencies to finance the construction of wastewater treatment facilities; and,

WHEREAS, Florida Administrative Code rules require authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and,

WHEREAS, the State Revolving Fund loan priority list designates Project No. WW18014 as eligible for available funding; and

WHEREAS, the City of Flagler Beach, Florida, intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, AS FOLLOWS:

SECTION 1. The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION 2. The City of Flagler Beach, Florida, is authorized to apply for a loan to finance the Project.

SECTION 3. The revenues pledged for the repayment of the loan are water and sewer system revenues after payment of debt service on the City's prior issued State Revolving Fund Loans: CW180130 and DW180101.

SECTION 4. The City Manager is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

SECTION 5. The Mayor is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The Mayor is authorized to represent the City in carrying out the City's responsibilities under the loan agreement. The Mayor is authorized to delegate responsibility to appropriate City staff to carry out technical, financial, and administrative activities associated with the loan agreement.

SECTION 6. The legal authority for borrowing moneys to construct this Project is Section 403.1835, Florida Statutes.

SECTION 7. All resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION 8. If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force, or effect of any other section or part of this Resolution.

SECTION 9. This Resolution shall become effective immediately upon its passage and adoption.

Upon motion duly made and carried, the foregoing Resolution was accepted by the City Commission this 26th day of March, 2026.

CITY OF FLAGLER BEACH, FLORIDA

PATTI KING,
MAYOR

ATTEST:

PENNY OVERSTREET, CITY CLERK

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

STATE REVOLVING FUND LOAN PROGRAM for Point Source Water Pollution Control

LOAN APPLICATION

Florida Department of Environmental Protection
State Revolving Fund Program
Marjory Stoneman Douglas Building
3900 Commonwealth Blvd., MS 3505
Tallahassee, FL 32399-3000

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LOAN APPLICATION

(1) SUBMITTAL. Submit the application and attachments to the Department of Environmental Protection, MS 3505, State Revolving Fund Program, 3900 Commonwealth Blvd., Tallahassee, Florida 32399-3000. The application (and backup) may be submitted electronically to the Department's Project Manager.

(2) COMPLETING THE APPLICATION.

(a) This application consists of five parts: (I) ADMINISTRATIVE INFORMATION; (II) PROJECT INFORMATION; (III) FINANCIAL INFORMATION; (IV) AUTHORIZATION AND ASSURANCES; and (V) SUPPLEMENTARY INFORMATION.

(b) All information provided on this application must be printed. Monetary amounts may be rounded.

(c) Forms and attachments to be submitted are denoted with italic print.

(3) ASSISTANCE. Completing this application may require information that can be obtained from Clean Water State Revolving Fund Program staff. Please email SRF_Reporting@dep.state.fl.us for assistance in completing this application.

PART I - ADMINISTRATIVE INFORMATION

(1) PROJECT SPONSOR: City of Flagler Beach, Florida

Federal Employer Identification Number: 59-6002308

DUNS Number: 848865044

(2) AUTHORIZED REPRESENTATIVE (person authorized to sign or attest loan documents).

Name: Patti King Title: Mayor

Telephone: 386-338-2879 FAX: N/A Email: PKing@cityofflaglerbeach.com

Mailing Address: 105 S 2nd Street
Flagler Beach, FL 32136

(3) PRIMARY CONTACT (person to answer questions regarding this application).

Name: Dale Martin Title: City Manager

Telephone: 386-517-2000 x222 FAX: N/A Email: DMartin@cityofflaglerbeach.com

Employer: City of Flagler Beach, Florida

Mailing Address: 105 S 2nd Street
Flagler Beach, FL 32136

(4) ADDITIONAL CONTACTS. If more than one additional person is to receive copies of Department correspondence, attach the information (*Attachment #* N/A).

Name: Bill Freeman Title: City Engineer

Telephone: 386-517-2000 x230 FAX: N/A Email: BFreeman@cityofflaglerbeach.com

Employer: City of Flagler Beach, Florida

Mailing Address: 800 S Daytona Street
Flagler Beach, FL 32136

(5) PROJECT NUMBER (listed on the Department's priority list). WW18014

(6) INTERIM FINANCING. A local government project sponsor that has interim financing may be subject to certain conditions regarding such financing.

Is the project currently being funded with interim financing? ☐ Yes ☒ No

PART II – PROJECT INFORMATION

If you are applying for a planning, design, or SSES loan for a project that will involve construction, complete only Subpart A below. If you are applying for a loan to construct a project that is already planned and designed, complete only Subpart B below.

A. PLANNING, DESIGN OR SSES PROJECT

Information should be provided for each separate facility to be planned and designed as appropriate. For design/build projects (not eligible for design loans) or those where multiple facilities, segments, or phases are involved, please attach information for activities, schedule, and cost for each. (*Attachment #* N/A)

(1) ACTIVITIES. Attach a brief description of the scope of planning and design activities to be financed by this loan. Include a list of any specialized studies to be performed. (*Attachment #* 01) Are these activities the same as those scheduled on the *Request for Inclusion Form*? ☒ Yes ☐ No. If "No", please explain. (*Attachment #* N/A)

(2) SCHEDULE.

(a) Provide proposed completion dates for the items. (Please call Department staff to discuss time frames needed to complete required tasks.)

Planning documentation	May 2026
Engineering work	August 2026
Certification of site availability	November 2026
Permit	June 2027

(b) Do you anticipate that an interlocal agreement with another party will be necessary to implement the project? If "Yes", please explain. (*Attachment #* N/A) ☐ Yes ☒ No

(c) Is this a design/build project? ☐ Yes ☒ No

(3) COST. Is the cost information submitted for the planning, design or SSES loan priority list current? If "No", please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (Attachment #N/A) Note that the disbursable amount will be limited to the priority list amount. ☐ Yes ☒ No

PRECONSTRUCTION LOAN APPLICANTS PROCEED TO PART III.

B. CONSTRUCTION OR I/I REHABILITATION PROJECT

(1) ACTIVITIES.

(a) Attach a brief description of construction or I/I rehabilitation activities to be financed by this loan. Include a list of the contracts (by title) corresponding to the plans and specifications accepted by the Department (*Attachment #* 01).

Are these contracts the same as those scheduled on the *Request for Inclusion Form*? ☒ Yes ☐ No

If "No", please explain. (*Attachment #* N/A)

(b) Have any of the contracts been bid? ☐ Yes ☒ No

If "Yes", indicate which contracts have been bid. (*Attachment #* N/A)

(c) Was planning, design, or SSES for this project financed in another SRF loan? ☐ Yes ☒ No

If "Yes", give the SRF loan number. N/A

(d) Does this project involve an interlocal agreement with other local governments or other entities? ☐ Yes ☒ No

If "Yes", attach a copy of the interlocal agreement. (*Attachment #* N/A)

Is the interlocal agreement fully executed and enforceable? ☐ Yes ☐ No

If "No", please explain (*Attachment #* N/A).

(2) SCHEDULE. (month and year)

(a) Anticipated notice to proceed for first construction contract. _____

(b) Anticipated completion of all construction contracts. _____

(3) COST. Is the cost information submitted for the priority list current? ☒ Yes ☐ No

If "No", please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #* N/A) Note that the disbursable amount will be limited to the priority list amount.

PART III - FINANCIAL INFORMATION

Estimates of the capitalized interest, project useful life for financial hardship loans, financing rate, pledged revenue coverage, limitations on annual loan amounts for large projects, applicability and amount of repayment reserves, amount of the loan service fee and any other information may be obtained by contacting staff in the State Revolving Fund Management Section.

(1) PRINCIPAL. The requested amount of the loan which does not include capitalized interest is $ 19,166,503.00

Note that the disbursable amount will be limited to the priority list amount and must be consistent with the project information provided under **PART II** of this application. Also note that the capitalized interest is an inexact estimate, and it is subject to adjustment by the Department to reflect actual disbursement timing. The principal amount of the loan does not include the loan service fee.

(2) TERMS AND REPAYMENT.

(a) Loans to local government project sponsors are amortized over the lesser of useful life of the project or 20 years unless the project is to serve a small community qualifying as having a financial hardship. Loans to financial hardship communities may be amortized over the lesser of useful life of the project or 30 years. Loans to non-governmental project sponsors are amortized over the lesser of the useful of the project or 20 years. Finance charges and principal are paid semiannually.

What is the useful life of the project? 20 (years)

Over how many years would you like to amortize the loan? 20 (years)

(b) List all revenues that are to be pledged for repayment of this loan. Gross Revenues of the Utility Fund after payment of Operation and Maintenance Expenses and the satisfaction of all senior or parity obligations

(c) Pledged revenue receipts or collections by the project sponsor must exceed the amount of the repayments due to the Department unless there are other collateral provisions. The excess revenue, or coverage, generally is 15% of each repayment.

What coverage is proposed for the loan? 115 % (coverage percentage)

(d) Is any other financial assistance being applied to this project? ☐ Yes ☒ No

If "Yes", please list. (*Attachment #* N/A)

(3) ANNUAL FUNDING LIMIT. Large project funding (generally, loans in excess of $10 million) may be provided in increments pursuant to the initial loan agreement and subsequent amendments. Each increment shall have a separate financing rate as established in the agreement or amendment providing that increment.

(4) INFORMATION ON LIENS.

(a) Describe, if applicable, all debt obligations having a prior or parity lien on the revenues pledged to repay this loan. (*Attachment #* N/A) For example: City Name, Florida, Water and Sewer System Revenue Bonds, Series 1996, issued in the amount of $10,000,000, pursuant to Ordinance No. 93-104, as amended and supplemented by Ordinance No. 96-156.

(b) Using the Part V, *Schedule of Prior and Parity Liens*, provide debt service information, if applicable, on each prior and parity obligation.

(c) For the listed obligations, provide a copy of the ordinance(s), resolution(s), official statement(s), or pages thereof, setting forth the definitions, use of proceeds, debt service schedule, pledged revenues, rate covenants, provisions for issuing additional debt, provisions for bond insurance, and debt rating. (*Attachment* # N/A).

(d) Describe any other notes and loans payable from the revenues pledged to repay this loan. (*Attachment* # 02/03).

(5) ACTUAL AND PROJECTED REVENUES.

(a) Complete the Part V, *Schedule of Actual Revenues and Debt Coverage* for the past two fiscal years.

(b) Complete the Part V, *Schedule of Projected Revenues and Debt Coverage*, demonstrating the availability of pledged revenues for loan repayment.

(6) AVAILABILITY OF PLEDGED REVENUES. All sources must be supported by a written legal opinion. (*Attachment* # 04) The opinion must address the following:

(a) Availability of the revenues to repay the loan.

(b) Right to increase rates at which revenues shall be collected to repay the loan.

(c) Subordination of the pledge if pledged revenues are subject to a prior or parity lien.

(7) LOAN SERVICE FEE. A loan service fee is assessed on each loan. The fee is not part of the loan. The fee along with interest thereon will be deducted from the first available repayments after the final amendment to the loan agreement.

PART IV – AUTHORIZATION AND ASSURANCES

(1) AUTHORIZATION. Provide an authorizing resolution of the Applicant's governing body or other evidence of authorization (*Attachment* # 05) for the following:

(a) Pledging revenues to repay the loan.

(b) Designation of the Authorized Representative(s) to file this application, provide assurances, execute the loan agreement, and represent the Applicant in carrying out responsibilities (including that of requesting loan disbursements) under the loan agreement.

(2) ASSURANCES. The Applicant agrees to comply with the laws, rules, regulations, policies and conditions relating to the loan for this project. Applicants should seek further information from the Clean Water State Revolving Fund Program staff as to the applicability of the requirements if the necessity for the assurances is of concern. Specifically, the Applicant certifies that it has complied, as appropriate, and will comply with the following requirements, as appropriate, in undertaking the Project:

(a) Assurances for capitalization grant projects.

1. Complete all facilities for which funding has been provided.
2. The Archaeological and Historic Preservation Act of 1974, PL 93-291, and the National Historic Preservation Act of 1966, PL 89-665, as amended, regarding identification and protection of historic properties.
3. The Clean Air Act, 42 U.S.C. 7506(c), which requires conformance with State Air Quality Implementation Plans.
4. The Coastal Zone Management Act of 1972, PL 92-583, as amended, which requires assurance of project consistency with the approved State management program developed under this Act.
5. The Endangered Species Act, 16 U.S.C. 1531, et seq., which requires that projects avoid disrupting threatened or endangered species and their habitats.
6. Executive Order 11593, Protection and Enhancement of the Cultural Environment, regarding preservation, restoration and maintenance of the historic and cultural environment.
7. Executive Order 11988, Floodplain Management, related to avoiding, to the extent possible, adverse impacts associated with floodplain occupancy, modification and development whenever there is a practicable alternative.
8. Executive Order 11990, Protection of Wetlands, related to avoiding, to the extent possible, adverse impacts associated with the destruction or modification of wetlands and avoiding support of construction in wetlands.
9. The Fish and Wildlife Coordination Act, PL 85-624, as amended, which requires that actions to control natural streams or other water bodies be undertaken to protect fish and wildlife resources and their habitats.

10. The Safe Drinking Water Act, Section 1424(e), PL 93-523, as amended, regarding protection of underground sources of drinking water.

11. The Wild and Scenic Rivers Act, PL 90-542, as amended, related to protecting components or potential components of the national wild and scenic rivers system.

12. The federal statutes relating to nondiscrimination, including: The Civil rights Act of 1964, PL 88-352, which prohibits discrimination on the basis of race, color or national origin; the Age Discrimination Act, PL 94-135, which prohibits discrimination on the basis of age; Section 13 of the Federal Water Pollution Control Act, PL 92-500, which prohibits sex discrimination; the Rehabilitation Act of 1973, PL 93-112, as amended, which prohibits discrimination on the basis of handicaps.

13. Executive Order 11246, Equal Employment Opportunity, which provides for equal opportunity for all qualified persons.

14. Executive Orders 11625 and 12138, Women's and Minority Business Enterprise, which require that small, minority, and women's business and labor surplus areas are used when possible as sources of supplies, equipment, construction and services.

15. The Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq., regarding protection and conservation of the coastal barrier resources.

16. The Farmland Protection Policy Act, 7 U.S.C. 4201 et seq., regarding protection of agricultural lands from irreversible loss.

17. The Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646, which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally assisted programs.

18. The Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended, which requires that projects be carried out in accordance with area wide planning activities.

19. Section 306 of the Clean Air Act, Section 508 of the Clean Water Act and Executive Order 11738, which prohibit manufacturers, firms, or other enterprises on the EPA's list of Violating Facilities from participating in the Project.

20. Executive Order 12549, Debarment and Suspension, which prohibits any award to a party which is debarred or suspended or is otherwise excluded from, or ineligible for, participation in federal assistance programs.

21. Minority and Women’s Business Enterprise participation in project work using numerical goals, established by the U.S. Environmental Protection Agency, and to be set forth in the specifications for construction and materials contracts.

(b) Assurances for other projects.

1. Chapter 161, Part I, F.S., "Beach and Shore Preservation Act" and Part III, “Coastal Zone Protection Act of 1985” which regulate coastal zone construction and all activities likely to affect the condition of the beaches or shore.

2. Chapter 163, Part II, F.S., the “Local Government Comprehensive Planning and Land Development Regulation Act” which requires units of local government to establish and implement comprehensive planning programs to control future development.

3. Chapter 186, F.S., State and Regional Planning, which requires conformance of projects with Regional Plans and the State Comprehensive Plan.

4. Chapter 253, F.S., "Emergency Archaeological Property Acquisition Act of 1988" which requires protection of archaeological properties of major statewide significance discovered during construction activities.

5. Chapter 258, Part III, F.S., which requires protection of components or potential components of the national wild and scenic rivers system.

6. Chapter 267, F.S., the “Florida Historical Resources Act” which requires identification, protection, and preservation of historic properties, archaeological and anthropological sites.

7. Chapter 287, Part I, F.S., which prohibits parties convicted of public entity crimes or discrimination from participating in State-assisted projects and which requires consideration of the utilization of Minority Business Enterprises in State-assisted projects.

8. Chapter 372, F.S., the Florida Endangered and Threatened Species Act which prohibits the killing or wounding of an endangered, threatened, or special concern species or intentionally destroying their eggs or nest.

9. Chapter 373, Part IV, F.S., Florida Water Resources Act of 1972, which requires that activities on surface waters or wetlands avoid adversely affecting: public health, safety, welfare, or property; conservation of fish and wildlife, including endangered or threatened species or their habitats; navigation or the flow of water; the fishing or recreational values or marine productivity; and significant historical and archaeological resources.

10. Chapter 380, Part I, F.S., Florida Environmental Land and Water Management Act of 1972 as it pertains to regulation of developments and implementation of land and water management policies.

11. Chapter 381, F.S., Public Health, as it pertains to regulation of onsite wastewater systems.

12. Chapter 403, Part I, F.S., Florida Air and Water Pollution Control which requires protection of all waters of the state.

13. Chapter 582, F.S., Soil and Water Conservation Act which requires conformance with Water Management District's regulations governing the use of land and water resources.

14. Governor's Executive Order 95-359, which requires State Clearinghouse review of project planning documentation and intergovernmental coordination.

(c) Assurances for all projects. The loan recipient certifies that it is not listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension."

I, the undersigned Authorized Representative of the Applicant, hereby certify that all information contained herein and in the attached is true, correct, and complete to the best of my knowledge and belief. I further certify that I have been duly authorized to file the application and to provide these assurances.

Signed this _____ Day of _____ , 20 _____

Authorized Representative _____ _____

(signature) *(name typed or printed)*

Attachments

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF PRIOR AND PARITY LIENS
(EXCLUDING SRF LOANS)

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least three additional fiscal years. Use additional pages as necessary.

	#1	#2	#3
Identify Each Obligation	N/A	N/A	N/A
Coverage	_____ %	_____ %	_____ %
Insured?	_____ Yes _____ No	_____ Yes _____ No	_____ Yes _____ No

Fiscal Year	**Annual Debt Service (Principal Plus Interest)** #1	#2	#3	**Total Debt Service**	**Total Debt Service Incl. Coverage**
2011	$	$	$	$	$
2012	$	$	$	$	$
2013	$	$	$	$	$
2014	$	$	$	$	$
2015	$	$	$	$	$
2016	$	$	$	$	$
2017	$	$	$	$	$
2018	$	$	$	$	$
2019	$	$	$	$	$
2020	$	$	$	$	$
2021	$	$	$	$	$
2022	$	$	$	$	$
2023	$	$	$	$	$
2024	$	$	$	$	$
2025	$	$	$	$	$
2026	$	$	$	$	$
2027	$	$	$	$	$
2028	$	$	$	$	$
2029	$	$	$	$	$
2030	$	$	$	$	$
2031	$	$	$	$	$
2032	$	$	$	$	$
2033	$	$	$	$	$
2034	$	$	$	$	$
2035	$	$	$	$	$
2036	$	$	$	$	$
2037	$	$	$	$	$

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement.)

Note: FY25 Actuals have not been audited at the time of the preparation of this application

		FY 2023	FY 2024
(a)	Operating Revenues (Source)		
	Drinking Water Rate Revenues	$3,318,532.66	$3,608,132.51
	Wastewater Rate Revenues	$2,496,044.01	$2,725,831.48
(b)	Interest Income	$89,904.80	$68,522.74
(c)	Other Income or Revenue (Identify)		
	Account Maintenance Fee	$5,490.00	$58,950.00
	Water Meter Connections	$44,835.00	$53,468.00
	Sewer Tap/Connection	$43,700.00	$86,450.00
	Sewer Inspection	$490.00	$960.00
	Sale of Fixed Assets	$2,100.00	$0.00
	Miscellaneous Revenue	$6,952.77	$8,790.00
(d)	Total Revenues	$6,008,049.24	$6,611,104.73
(e)	Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	$3,614,782.13	$3,292,877.00
(f)	Net Revenues [(f) = (d) – (e)]	$2,393,267.11	$3,318,227.73
(g)	Debt Service (including any required coverage)	$591,090.00	$591,087.70

(h) Attach audited annual financial report(s), or pages thereof, or other documentation necessary to support the above information. Include any notes or comments from the audit reports regarding compliance with covenants of debt obligations having a prior or parity lien on the revenues pledged for repayment of the SRF Loan. (*Attachment #* 06/07)

(i) Attach worksheets reconciling this page with the appropriate financial statements (for example, backing out depreciation and interest payments from operating expenses). (*Attachment #* 08)

(j) If the net revenues were not sufficient to satisfy the debt service and coverage requirement, please explain what corrective action was taken. (*Attachment #* N/A)

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE

Begin with the fiscal year preceding first anticipated semiannual loan payment and continuing for at least three additional years. Attach a separate page for previous State Revolving Fund loans. (*Attachment #* 02)

		FY 20 26	FY 20 27	FY 20 28	FY 20 29	FY 20 -
(a)	Operating Revenue	$7,225,421.50	$8,157,031.58	$9,130,432.88	$10,147,298.99	-
(b)	Interest Income	$79,213.77	$79,213.77	$79,213.77	$79,213.77	-
(c)	Other Income or Revenue (identify)					
	Miscellaneous Revenue	$92,400.00	$92,400.00	$92,400.00	$92,400.00	-
(d)	Total Revenues	$7,397,035.27	$8,328,645.35	$9,302,046.65	$10,318,912.76	-
(e)	Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	$6,614,500.00	$5,689,600.00	$5,601,700.00	$5,698,500.00	-
(f)	Net Revenues (f = d - e)	$782,535,27	$2,639,045.35	$3,700,346.65	$4,620,412.76	-
(g)	Revenue (including coverage) pledged to debt service, excluding SRF loans	$0.00	$0.00	$0.00	$0.00	-
(h)	Revenue (including coverage) pledged to outstanding SRF loans	$591,087.70	$591,087.70	$1,311,082.00	$2,566,631.30	-
(i)	Revenue Available for this SRF Loan [(i) = (f) – (g) – (h)]	$191,447,58	$2,047,957.66	$2,389,264.66	$2,053,781.47	-

(j) Identify the source of the above information and explain methods used to develop the projections (*Attachment #* 09). Include an explanation of any revenue and expense growth or other adjustments; for example, any rate increases, service growth, inflation adjustments, expense adjustments reflecting the cost of operating additional facilities, or other considerations.

(k) For construction loans, are the above projections consistent with the accepted financial feasibility information? ☒ Yes ☐ No

If "No", please explain. (*Attachment #*_____)

PART V – SUPPLEMENTARY INFORMATION

LIST OF ATTACHMENTS

LIST OF ATTACHMENTS. This application requires the submittal of *Attachments* to provide supplemental information. The application is not complete without the completed *List of Attachments*. Please list all attachments that you are including with this application form.

Attachment	Number
Description of Activities	01
List of Prior Debt Obligations	02
Prior Debt Obligation Document - CW180130	03a
Prior Debt Obligation Document - CW180131	03b
Prior Debt Obligation Document - DW180101	03c
Legal Opinion of Availability of Pledged Revenues	04
Authorizing Resolution	05
FY23 Audited Financial Report	06
FY24 Audited Financial Report	07
FY23 & FY24 Financial Worksheet	08
Projected Revenues Worksheet and Assumptions	09
CCNA Certification - Planning Phase	10
Executed Planning Phase Scope of Services	11

Attachment 01
Description of Activities

Planning Phase

The Scope of the Planning Phase would possibly include:

- Project Management Services, for the administrative tasks of the project.
- Facilities Work Plan and Funding Assistance Services, including the development of a facilities plan, and assistance with testimony at a City Commission of to adopt the facilities plan.

Design Phase

The Scope of the Design Phase would possibly include:

- Project Management Services, for the administrative tasks of the project.
- Support Services, possibly including surveys, title searches, subsurface utility engineering, and geotechnical investigations.
- Preliminary and Final Design Services, possibly including developing plans, specifications, and opinions of probable construction cost.
- Permitting Services
- Bidding Phase Services

Construction Phase

The Scope of the Construction Phase would possibly include:

- Construction of improvements to lift stations PS-3, PS-6, LS-7, and LS-8, possibly including:
    - Replacing or modifying components susceptible to flooding to elevations above flood elevations to prevent future impacts. Components could include:
        - Wet well structure
        - Electrical components
        - Piping, valves, or other mechanical components
    - Dry floodproofing/sealing of structure to prevent floodwater penetration.
    - Construction of flood attenuation, diversion, and retention infrastructure within or beyond the boundaries of the lift stations that protect the collection system, as identified in the City's stormwater master plan.
- Other services during construction could include:
- Construction, Engineering, and Inspection professional services.

Attachment 02
List of Prior Debt Obligations

	#1	#2	#3
Obligation	CW180130	CW180131	DW180101
Coverage	15%	15%	15%

Fiscal Year	Annual Debt Service (Principal Plus Interest) #1	#2	#3	Total	Total inc. Coverage
2026	$ 48,289.30		$ 465,700.00	$ 513,989.30	$ 591,087.70
2027	$ 48,289.30		$ 465,700.00	$ 513,989.30	$ 591,087.70
2028	$ 48,289.30	$ 1,091,782.00		$ 1,140,071.30	$ 1,311,082.00
2029	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2030	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2031	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2032	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2033	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2034	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2035	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2036	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2037	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2038	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2039	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2040	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2041	$ 48,289.30	$ 2,183,564.00		$ 2,231,853.30	$ 2,566,631.30
2042		$ 2,183,564.00		$ 2,183,564.00	$ 2,511,098.60
2043		$ 2,183,564.00		$ 2,183,564.00	$ 2,511,098.60
2044		$ 2,183,564.00		$ 2,183,564.00	$ 2,511,098.60
2045		$ 2,183,564.00		$ 2,183,564.00	$ 2,511,098.60
2046		$ 2,183,564.00		$ 2,183,564.00	$ 2,511,098.60
2047		$ 2,183,564.00		$ 2,183,564.00	$ 2,511,098.60
2048		$ 1,091,782.00		$ 1,091,782.00	$ 1,255,549.30
2049					
2050					
2051					

Attachment 03a
Prior Debt Obligations Document - CW180130

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

AND

CITY OF FLAGLER BEACH, FLORIDA

CLEAN WATER STATE REVOLVING FUND
DESIGN LOAN AGREEMENT
WW180130

Florida Department of Environmental Protection
State Revolving Fund Program
Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard, MS 3505
Tallahassee, Florida 32399-3000

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CLEAN WATER STATE REVOLVING FUND

DESIGN LOAN AGREEMENT

WW180130

THIS AGREEMENT is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Local Government) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party".

RECITALS

Pursuant to Section 403.1835, Florida Statutes, the Department is authorized to make loans to finance the planning, designing and construction of wastewater pollution control facilities; and

The Local Government applied for the financing of Design Activities and the Department has determined that all requirements for a loan have been met.

AGREEMENT

In consideration of the Department loaning money to the Local Government, in the principal amount and pursuant to the covenants set forth below, it is agreed as follows:

ARTICLE I - DEFINITIONS

1.01. WORDS AND TERMS.

Words and terms used herein shall have the meanings set forth below:

(1) "Agreement" or "Loan Agreement" shall mean this agreement.

(2) "Authorized Representative" shall mean the official of the Local Government authorized by ordinance or resolution to sign documents associated with the Loan.

(3) "Capitalized Interest" shall mean the finance charge that accrues at the Financing Rate on Loan proceeds from the time of disbursement until six months before the first Semiannual Loan Payment is due. Capitalized Interest is financed as part of the Loan principal.

(4) "Depository" shall mean a bank or trust company, having a combined capital and unimpaired surplus of not less than $50 million, authorized to transact commercial banking or savings and loan business in the State of Florida and insured by the Federal Deposit Insurance Corporation.

(5) "Design Activities" shall mean the design of work defined in the approved planning document that will result in plans and specifications, ready for permitting and bidding, for an eligible construction project.

(6) "Final Amendment" shall mean the final agreement executed between the parties that establishes the final terms for the Loan such as the final Loan amount, the interest rate, Loan Service Fee, amortization schedule and Semiannual Loan Payment amount.

(7) "Final Unilateral Amendment" shall mean the Loan Agreement unilaterally finalized by the Department after Loan Agreement and Project abandonment under Section 8.06 that establishes the final amortization schedule for the Loan.

(8) "Financing Rate" shall mean the charges, expressed as a percent per annum, imposed on the unpaid principal of the Loan. The Financing Rate shall consist of an interest rate component and a Grant Allocation Assessment rate component.

(9) "Grant Allocation Assessment" shall mean an assessment, expressed as a percent per annum, accruing on the unpaid balance of the Loan. It is computed similarly to the way interest charged on the Loan is computed and is included in the Semiannual Loan Payment. The Department will use Grant Allocation Assessment moneys for making grants to financially disadvantaged small communities pursuant to Section 403.1835 of the Florida Statutes.

(10) "Gross Revenues" shall mean all income or earnings received by the Local Government from the ownership or operation of its Water and Sewer Systems, including investment income, all as calculated in accordance with generally accepted accounting principles. Gross Revenues shall not include proceeds from the sale or other disposition of any part of the Water or Sewer System, condemnation awards or proceeds of insurance, except use and occupancy or business interruption insurance, received with respect to the Water or Sewer System.

(11) "Loan" shall mean the amount of money to be loaned pursuant to this Agreement and subsequent amendments.

(12) "Loan Application" shall mean the completed form which provides all information required to support obtaining loan financial assistance from the Department.

(13) "Loan Debt Service Account" shall mean an account, or a separately identified component of a pooled cash or liquid account, with a Depository established by the Local Government for the purpose of accumulating Monthly Loan Deposits and making Semiannual Loan Payments.

(14) "Loan Service Fee" shall mean an origination fee which shall be paid to the Department by the Local Government.

(15) "Local Governmental Entity" means a county, municipality, or special district.

(16) "Monthly Loan Deposit" shall mean the monthly deposit to be made by the Local Government to the Loan Debt Service Account.

(17) "Operation and Maintenance Expense" shall mean the costs of operating and maintaining the Water and Sewer Systems determined pursuant to generally accepted accounting

principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(18) "Pledged Revenues" shall mean the specific revenues pledged as security for repayment of the Loan and shall be the Gross Revenues derived yearly from the operation of the Water and Sewer Systems after payment of the Operation and Maintenance Expense and the satisfaction of all yearly payment obligations on account of any senior or parity obligations issued pursuant to Section 7.02 of this Agreement.

(19) "Project" shall mean the Design Activities for treatment expansion and upgrade.

(20) "Semiannual Loan Payment" shall mean the payment due from the Local Government to the Department at six-month intervals.

(21) "Sewer System" shall mean all facilities owned by the Local Government for collection, transmission, treatment and reuse of wastewater and its residuals.

(22) "Water System" shall mean all facilities owned by the Local Government for supplying and distributing water for residential, commercial, industrial, and governmental use.

1.02. CORRELATIVE WORDS.

Words of the masculine gender shall be understood to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the singular shall include the plural and the word "person" shall include corporations and associations, including public entities, as well as natural persons.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Local Government warrants, represents and covenants that:

(1) The Local Government has full power and authority to enter into this Agreement and to comply with the provisions hereof.

(2) The Local Government currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Local Government's knowledge, threatened, which seeks to restrain or enjoin the Local Government from entering into or complying with this Agreement.

(4) The Local Government shall undertake the Project on its own responsibility, to the extent permitted by law.

(5) To the extent permitted by law, the Local Government shall release and hold harmless the State, its officers, members, and employees from any claim arising in connection with the Local Government's actions or omissions in its Design Activities financed by this Loan.

(6) All Local Government representations to the Department, pursuant to the Loan Application and Agreement, were true and accurate as of the date such representations were made. The financial information delivered by the Local Government to the Department was current and correct as of the date such information was delivered. The Local Government shall comply with Chapter 62-503, Florida Administrative Code, and all applicable State and Federal laws, rules, and regulations which are identified in the Loan Application or Agreement. To the extent that any assurance, representation, or covenant requires a future action, the Local Government shall take such action to comply with this agreement.

(7) The Local Government shall maintain records using generally accepted accounting principles established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the Local Government shall keep accounts of the Water and Sewer Systems separate from all other accounts and it shall keep accurate records of all revenues, expenses, and expenditures relating to the Water and Sewer Systems, and of the Pledged Revenues, Loan disbursement receipts, and Loan Debt Service Account.

(8) In the event the anticipated Pledged Revenues are shown by the Local Government's annual budget to be insufficient to make the Semiannual Loan Payments for such Fiscal Year when due, the Local Government shall include in such budget other legally available non-ad valorem funds which will be sufficient, together with the Pledged Revenues, to make the Semiannual Loan Payments. Such other legally available non-ad valorem funds shall be budgeted in the regular annual governmental budget and designated for the purpose provided by this Subsection, and the Local Government shall collect such funds for application as provided herein. The Local Government shall notify the Department immediately in writing of any such budgeting of other legally available non-ad valorem funds. Nothing in this covenant shall be construed as creating a pledge, lien, or charge upon any such other legally available non-ad valorem funds; requiring the Local Government to levy or appropriate ad valorem tax revenues; or preventing the Local Government from pledging to the payment of any bonds or other obligations all or any part of such other legally available non-ad valorem funds.

(9) Pursuant to Section 216.347 of the Florida Statutes, the Local Government shall not use the Loan proceeds for the purpose of lobbying the Florida Legislature, the Judicial Branch, or a State agency.

(10) The Local Government agrees to complete the Design Activities in accordance with the schedule set forth in Section 10.07. Delays incident to strikes, riots, acts of God, and other events beyond the reasonable control of the Local Government are excepted. However, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(11) The Local Government covenants that this Agreement is entered into for the purpose of completing Design Activities in order to construct facilities which will, in all events, serve a public purpose.

2.02. LEGAL AUTHORIZATION.

Upon signing this Agreement, the Local Government's legal counsel hereby expresses the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Local Government and shall constitute a valid and legal obligation of the Local Government enforceable in accordance with its terms upon execution by both parties; and

(2) This Agreement identifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.03. AUDIT AND MONITORING REQUIREMENTS.

The Local Government agrees to the following audit and monitoring requirements.

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

State Resources Awarded to the Local Government Pursuant to this Agreement Consist of the Following Resources Subject to Section 215.97, F.S.:					
State Program Number	Funding Source	CSFA Number	CSFA Title or Fund Source Description	Funding Amount	State Appropriation Category
Original Agreement	Wastewater Treatment and Stormwater Management TF	37.077	Wastewater Treatment Facility Construction	$900,000	140131

(2) Audits.

(a) In the event that the Local Government expends a total amount of state financial assistance equal to or in excess of $750,000 in any fiscal year of such Local Government, the Local Government must have a State single audit for such fiscal year in accordance with Section 215.97, Florida Statutes; applicable rules of the Department of Financial Services; and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General. In determining the state financial assistance expended in its fiscal year, the Local Government shall consider all sources of state financial assistance, including state financial assistance received from the Department, other state agencies, and other nonstate entities. State financial assistance does not include Federal direct or pass-through awards and resources received by a nonstate entity for Federal program matching requirements.

(b) In connection with the audit requirements addressed in the preceding paragraph (a); the Local Government shall ensure that the audit complies with the requirements of Section 215.97(7), Florida Statutes. This includes submission of a financial reporting package as defined by Section 215.97(2), Florida Statutes, and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General.

(c) If the Local Government expends less than $750,000 in state financial assistance in its fiscal year, an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, is not required. The Local Government shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the Local Government in which the $750,000 threshold has not been met. In the event that the Local Government expends less than $750,000 in state financial assistance in its fiscal year, and elects to have an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, the cost of the audit must be paid from the non-state entity's resources (i.e., the cost of such an audit must be paid from the Local Government's resources obtained from other than State entities).

(d) The Local Government is hereby advised that the Florida Single Audit Act Requirements may further apply to lower tier transactions that may be a result of this Agreement. For information regarding the Florida Catalog of State Financial Assistance (CSFA), a Local Government should access the Florida Single Audit Act website located at https://apps.fldfs.com/fsaa for assistance.

(3) Report Submission.

(a) Copies of financial reporting packages shall be submitted by or on behalf of the Local Government directly to each of the following:

(i) The Department at one of the following addresses:

By Mail:

Audit Director
Florida Department of Environmental Protection
Office of the Inspector General
3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3123

or

Electronically:
FDEPSingleAudit@dep.state.fl.us

(ii) The Auditor General's Office at the following address:

State of Florida Auditor General
Room 401, Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

(iii) Copies of reports or management letters shall be submitted by or on behalf of the Local Government directly to the Department at either of the following address:

By Mail:

Audit Director
Florida Department of Environmental Protection
Office of the Inspector General
3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3123

or

Electronically:
FDEPSingleAudit@dep.state.fl.us

(b) Any reports, management letters, or other information required to be submitted to the Department pursuant to this Agreement shall be submitted timely in accordance with Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(c) Local Governments, when submitting financial reporting packages to the Department for audits done in accordance with Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to the Local Government in correspondence accompanying the reporting package.

(4) Record Retention.

The Local Government shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of five years from the date of the Final Amendment, and shall allow the Department, or its designee, Chief Financial Officer, or Auditor General access to such records upon request. The Local Government shall ensure that working papers are made available to the Department, or its designee, Chief Financial Officer, or Auditor General upon request for a period of five years from the date of the Final Amendment, unless extended in writing by the Department.

(5) Monitoring.

In addition to reviews of audits conducted in accordance with Section 215.97, F.S., as revised monitoring procedures may include, but not be limited to, on-site visits by Department staff and/or other procedures. By entering into this Agreement, the Local Government agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department. In the event the Department determines that a limited scope audit of the Local Government is appropriate, the Local Government agrees to comply with any additional instructions provided by the Department to the Local Government regarding such audit. The Local Government understands its duty, pursuant to Section 20.055(5), F.S., to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. The Local Government will comply with this duty and ensure that any subcontracts issued under this Agreement will impose this requirement, in writing, on its subcontractors.

ARTICLE III - LOAN REPAYMENT ACCOUNT

3.01. LOAN DEBT SERVICE ACCOUNT.

The Local Government shall establish a Loan Debt Service Account with a Depository and begin making Monthly Loan Deposits no later than the date set forth in Section 10.07 of this Agreement.

Beginning six months prior to each Semiannual Loan Payment, the Local Government shall make six Monthly Loan Deposits. The first five deposits each shall be at least equal to one-sixth of the Semiannual Loan Payment. The sixth Monthly Loan Deposit shall be at least equal to the amount required to make the total on deposit in the Loan Debt Service Account equal to the Semiannual Loan Payment amount, taking into consideration investment earnings credited to the account pursuant to Section 3.02.

Any month in which the Local Government fails to make a required Monthly Loan Deposit, the Local Government's chief financial officer shall notify the Department of such failure. In addition, the Local Government agrees to budget, by amendment if necessary, payment to the Department from other legally available non-ad valorem funds all sums becoming due before the same become delinquent. This requirement shall not be construed to give superiority to the Department's claim on any revenues over prior claims of general creditors of the Local Government, nor shall it be construed to give the Department the power to require the Local Government to levy and collect any revenues other than Pledged Revenues.

3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS.

Moneys on deposit in the Loan Debt Service Account shall be invested pursuant to the laws of the State of Florida. Such moneys may be pooled for investment purposes. The maturity or redemption date of investments shall be not later than the date upon which such moneys may be needed to make Semiannual Loan Payments. The investment earnings shall be credited to the Loan Debt Service Account and applied toward the Monthly Loan Deposit requirements.

3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.

The withdrawal of moneys from the Loan Debt Service Account shall be for the sole purpose of making the Semiannual Loan Payment or for discharging the Local Government's obligations pursuant to Section 8.01.

3.04. ASSETS HELD IN TRUST.

The assets in all accounts created under this Loan Agreement shall be held in trust for the purposes provided herein and used only for the purposes and in the manner prescribed in this Agreement; and, pending such use, said assets shall be subject to a lien and charge in favor of the Department.

ARTICLE IV - PROJECT INFORMATION

4.01. PROJECT CHANGES.

After the Department's environmental review has been completed, the Local Government shall promptly notify the Department, in writing, of any Project change that would require a modification to the environmental information document.

4.02. CLOSE-OUT.

The Department shall conduct a final inspection of the Design Activities records. Following the inspection, deadlines for submitting additional disbursement requests, if any, shall be established, along with deadlines for uncompleted Loan requirements, if any. Deadlines shall be incorporated into the Loan Agreement by amendment. After the Department establishes the final costs to be financed by the Loan, the itemized costs will be adjusted by amendment. The Loan principal shall be reduced by any excess over the amount required to pay all approved costs. As a result of such adjustment, the Semiannual Loan Payment shall be reduced accordingly, as addressed in Section 10.05.

4.03. DISBURSEMENTS.

Disbursements shall be made only by the State Chief Financial Officer and only when the requests for such disbursements are accompanied by a Department certification that such withdrawals are proper expenditures. Disbursements shall be made directly to the Local Government for reimbursement of the incurred design costs and related services. Disbursements for materials, labor, or services shall be made upon receipt of the following:

(1) A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work; and proof of payment.

(2) A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the invoice have been satisfactorily purchased, performed, or received.

(3) Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.

Requests by the Local Government for disbursements of the design funds shall be made using the Department’s disbursement request form. The Department reserves the right to retain 25% of the funds until the information necessary for the Department to prepare the Environmental Information Document as described in Rule 62-503.751, Florida Administrative Code, has been provided.

ARTICLE V - RATES AND USE OF THE WATER AND SEWER SYSTEMS

5.01. RATE COVERAGE.

The Local Government shall maintain rates and charges for the services furnished by the Water and Sewer Systems which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year.

5.02. NO FREE SERVICE.

The Local Government shall not permit connections to, or furnish any services afforded by, the Water or Sewer System without making a charge based on the Local Government's uniform schedule of rates, fees, and charges.

5.03. MANDATORY CONNECTIONS.

The Local Government shall adopt, as necessary, and enforce requirements, consistent with applicable laws, for the owner, tenant or occupant of each building located on a lot or parcel of land which is served, or may reasonably be served, by the Sewer System to connect such building to the Sewer System.

5.04. NO COMPETING SERVICE.

The Local Government shall not allow any person to provide any services which would compete with the Water or Sewer System so as to adversely affect Gross Revenues.

5.05. MAINTENANCE OF THE WATER AND SEWER SYSTEMS.

The Local Government shall operate and maintain the Water and Sewer Systems in a proper, sound and economical manner and shall make all necessary repairs, renewals and replacements.

5.06. ADDITIONS AND MODIFICATIONS.

The Local Government may make any additions, modifications or improvements to the Water and Sewer Systems which it deems desirable and which do not materially reduce the operational integrity of any part of the Water or Sewer System. All such renewals, replacements, additions, modifications and improvements shall become part of the Water and Sewer Systems.

5.07. COLLECTION OF REVENUES.

The Local Government shall use its best efforts to collect all rates, fees and other charges due to it. The Local Government shall establish liens on premises served by the Water or Sewer System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Local Government shall, to the full extent permitted by law, cause to discontinue the services of the Water and Sewer Systems and use its best efforts to shut off water

service furnished to persons who are delinquent beyond customary grace periods in the payment of Water and Sewer Systems rates, fees and other charges.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Upon the occurrence of any of the following events (the Events of Default) all obligations on the part of Department to make any further disbursements hereunder shall, if Department elects, terminate. The Department may, at its option, exercise any of its remedies set forth in this Agreement, but Department may make any disbursements or parts of disbursements after the happening of any Event of Default without thereby waiving the right to exercise such remedies and without becoming liable to make any further disbursement:

(1) Failure to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due and such failure shall continue for a period of 15 days.

(2) Except as provided in Subsection 6.01(1), failure to comply with the provisions of this Agreement, failure in the performance or observance of any of the covenants or actions required by this Agreement or the Suspension of this Agreement by the Department pursuant to Section 8.11 below, and such failure shall continue for a period of 30 days after written notice thereof to the Local Government by the Department.

(3) Any warranty, representation or other statement by, or on behalf of, the Local Government contained in this Agreement or in any information furnished in compliance with, or in reference to, this Agreement, which is false or misleading, or if Local Government shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in this Agreement, the Note, or any other document given in connection with the Loan (provided, that with respect to non-monetary defaults, Department shall give written notice to Local Government, which shall have 30 days to cure any such default), or is unable or unwilling to meet its obligations thereunder.

(4) An order or decree entered, with the acquiescence of the Local Government, appointing a receiver of any part of the Water or Sewer System or Gross Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the Local Government, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

(5) Any proceeding instituted, with the acquiescence of the Local Government, for the purpose of effecting a composition between the Local Government and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the Water or Sewer System.

(6) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the Local Government under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Local Government, is not dismissed within 60 days after filing.

(7) Any charge is brought alleging violations of any criminal law in the implementation of the Project or the administration of the proceeds from this Loan against one or more officials of the Local Government by a State or Federal law enforcement authority, which charges are not withdrawn or dismissed within 60 days following the filing thereof.

(8) Failure of the Local Government to give immediate written notice of its knowledge of a potential default or an event of default, hereunder, to the Department and such failure shall continue for a period of 30 days.

6.02. REMEDIES.

All rights, remedies, and powers conferred in this Agreement and the transaction documents are cumulative and are not exclusive of any other rights or remedies, and they shall be in addition to every other right, power, and remedy that Department may have, whether specifically granted in this Agreement or any other transaction document, or existing at law, in equity, or by statute. Any and all such rights and remedies may be exercised from time to time and as often and in such order as Department may deem expedient. Upon any of the Events of Default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by, *inter alia*, any of the following remedies:

(1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water and Sewer Systems, and to require the Local Government to fulfill this Agreement.

(2) By action or suit in equity, require the Local Government to account for all moneys received from the Department or from the ownership of the Water and Sewer Systems and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.

(4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement.

(5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus a penalty from any unobligated funds due to the Local Government under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. The Department may impose a penalty in an amount not to exceed an interest rate of 18 percent per annum on the amount due in addition to charging the cost to handle and process the debt. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

(8) By accelerating the repayment schedule or increasing the Financing Rate on the unpaid principal of the Loan to as much as 1.667 times the Financing Rate.

6.03. DELAY AND WAIVER.

No course of dealing between Department and Local Government, or any failure or delay on the part of Department in exercising any rights or remedies hereunder, shall operate as a waiver of any rights or remedies of Department, and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder. No delay or omission by the Department to exercise any right or power accruing upon Events of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver or any default under this Agreement shall extend to or affect any subsequent Events of Default, whether of the same or different provision of this Agreement, or shall impair consequent rights or remedies.

ARTICLE VII - THE PLEDGED REVENUES

7.01. SUPERIORITY OF THE PLEDGE TO THE DEPARTMENT.

From and after the effective date of this Agreement, the Department shall have a lien on the Pledged Revenues, which along with any other Department State Revolving Fund liens on the Pledged Revenues, of equal priority, will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Local Government under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security to any additional senior obligations issued with the Department's consent pursuant to Section 7.02. The Department may release its lien on such Pledged Revenues in favor of the Department if the Department makes a determination in its sole discretion, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Local Government may issue additional debt obligations on a parity with, or senior to, the lien of the Department on the Pledged Revenues provided the Department's written consent is obtained. Such consent may be granted if the Local Government demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Water and Sewer Systems and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan Payments are to be made under this Agreement, equal or exceed 1.15 times the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Local Government and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues.

ARTICLE VIII - GENERAL PROVISIONS

8.01. DISCHARGE OF OBLIGATIONS.

All payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding year and all years thereafter until fully paid. Payments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Department. If, at any time, the Local Government shall have paid, or shall have made provision for the timely payment of, the entire principal amount of the Loan, and as applicable, Loan Service Fee, interest, and Grant Allocation Assessment charges, the pledge of, and lien on, the Pledged Revenues to the Department shall be no longer in effect. Deposit of sufficient cash, securities, or investments, authorized by law, from time to time, may be made to effect defeasance of this Loan. However, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Department. There shall be no penalty imposed by the Department for early retirement of this Loan.

8.02. PROJECT RECORDS AND STATEMENTS.

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Department for inspection at any reasonable time after the Local Government has received a disbursement and until five years after the Final Amendment date.

8.03. ACCESS TO PROJECT SITE.

The Local Government shall provide access to offices and other sites where Design Activities or Project work (if financed by this Loan) is ongoing, or has been performed, to authorized representatives of the Department at any reasonable time. The Local Government shall cause its engineers and contractors to provide copies of relevant records and statements for inspection.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Local Government. The Local Government shall not assign rights created by this Agreement without the written consent of the Department.

8.05. AMENDMENT OF AGREEMENT.

This Agreement may be amended, except that no amendment shall be permitted which is inconsistent with statutes, rules, regulations, executive orders, or written agreements between the Department and the U.S. Environmental Protection Agency (EPA). A Final Amendment establishing the final costs financed by this Loan and the actual Loan Service Fee shall be completed after the Department’s final inspection of relevant documents and records.

8.06. ABANDONMENT, TERMINATION OR VOLUNTARY CANCELLATION.

Failure of the Local Government to actively prosecute or avail itself of this Loan (including e.g. described in para 1 and 2 below) shall constitute its abrogation and abandonment of the rights hereunder, and the Department may then, upon written notification to the Local Government, suspend or terminate this Agreement.

(1) Failure of the Local Government to draw Loan proceeds within eighteen months after the effective date of this Agreement, or by the date set in Section 10.07 to establish the Loan Debt Service Account, whichever date occurs first.

(2) Failure of the Local Government, after the initial Loan draw, to draw any funds under the Loan Agreement for twenty-four months, without approved justification or demonstrable progress on the Project.

Upon a determination of abandonment by the Department, the Loan will be suspended, and the Department will implement administrative close out procedures (in lieu of those in Section 4.02) and provide written notification of Final Unilateral Amendment to the Local Government.

In the event that following the execution of this Agreement, the Local Government decides not to proceed with this Loan, this Agreement can be cancelled by the Local Government, without penalty, if no funds have been disbursed.

8.07. SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

8.08. USE AS MATCHING FUNDS.

The EPA has provided a class deviation from the provisions of 40 CFR 35.3125(b)(1) to allow these second-tier funds to be used as local matching requirements for most EPA grant funded treatment works projects, including special Appropriations Act projects.

8.09. PUBLIC RECORDS ACCESS.

(1) The Local Government shall comply with Florida Public Records law under Chapter 119, F.S. Records made or received in conjunction with this Agreement are public records under Florida law, as defined in Section 119.011(12), F.S. The Local Government shall keep and maintain public records required by the Department to perform the services under this Agreement.

(2) This Agreement may be unilaterally canceled by the Department for refusal by the Local Government to either provide to the Department upon request, or to allow inspection and copying of all public records made or received by the Local Government in conjunction with this Agreement and subject to disclosure under Chapter 119, F.S., and Section 24(a), Article I, Florida Constitution.

(3) IF THE LOCAL GOVERNMENT HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE LOCAL GOVERNMENT'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE DEPARTMENT'S CUSTODIAN OF PUBLIC RECORDS AT (850)245-2118, by email at public.services@dep.state.fl.us, **or at the mailing address below:**

Department of Environmental Protection
ATTN: Office of Ombudsman and Public Services
Public Records Request
3900 Commonwealth Blvd, MS 49
Tallahassee, FL 32399

8.10. SCRUTINIZED COMPANIES.

(1) The Local Government certifies that it and its subcontractors are not on the Scrutinized Companies that Boycott Israel List. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Local Government or its subcontractors are found to have submitted a false certification; or if the Local Government, or its subcontractors are placed on the Scrutinized Companies that Boycott Israel List or is engaged in the boycott of Israel during the term of the Agreement.

(2) If this Agreement is for more than one million dollars, the Local Government certifies that it and its subcontractors are also not on the Scrutinized Companies with Activities in Sudan, Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria as identified in Section 287.135, F.S. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Local Government, its affiliates, or its subcontractors are found to have submitted a false certification; or if the Local Government, its affiliates, or its subcontractors are placed on the Scrutinized Companies that Boycott the Scrutinized Companies with Activities in Sudan List, or Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria during the term of the Agreement.

(3) The Local Government agrees to observe the above requirements for applicable subcontracts entered into for the performance of work under this Agreement.

(4) As provided in Subsection 287.135(8), F.S., if federal law ceases to authorize these contracting prohibitions then they shall become inoperative.

8.11. SUSPENSION.

The Department may suspend any or all of its obligations to Loan or provide financial accommodation to the Local Government under this Agreement in the following events, as determined by the Department:

(1) The Local Government abandons or discontinues the Project before its completion,

(2) The commencement, prosecution, or timely completion of the Project by the Local Government is rendered improbable or the Department has reasonable grounds to be insecure in Local Government's ability to perform, or

(3) The implementation of the Project is determined to be illegal, or one or more officials of the Local Government in responsible charge of, or influence over, the Project is charged with violating any criminal law in the implementation of the Project or the administration of the proceeds from this Loan.

The Department shall notify the Local Government of any suspension by the Department of its obligations under this Agreement, which suspension shall continue until such time as the event or condition causing such suspension has ceased or been corrected, or the Department has re-instated the Agreement.

Local Government shall have no more than 30 days following notice of suspension hereunder to remove or correct the condition causing suspension. Failure to do so shall constitute a default under this Agreement.

Following suspension of disbursements under this Agreement, the Department may require reasonable assurance of future performance from Local Government prior to re-instating the Loan. Such reasonable assurance may include, but not be limited to, a payment mechanism using two party checks, escrow or obtaining a Performance Bond for the work remaining.

Following suspension, upon failure to cure, correct or provide reasonable assurance of future performance by Local Government, the Department may exercise any remedy available to it by this Agreement or otherwise and shall have no obligation to fund any remaining Loan balance under this Agreement.

ARTICLE IX - RESERVED

ARTICLE X - DETAILS OF FINANCING

10.01. PRINCIPAL AMOUNT OF LOAN.

The principal amount of the Loan is $901,400, which includes $900,000 to be disbursed to the Local Government and $1,400 of Capitalized Interest.

Capitalized Interest is not disbursed to the Local Government, but is amortized via periodic Loan repayments to the Department as if it were actually disbursed. Capitalized Interest is computed at the Financing Rate, or rates, set for the Loan. It accrues and is compounded annually from the time when disbursements are made until six months before the first Semiannual Loan Payment is due. Capitalized Interest is estimated prior to establishment of the schedule of actual disbursements.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is estimated as $18,000 for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of $900,000. The Loan Service Fee is estimated at the time of execution of the loan agreement and shall be revised with any increase or decrease amendment. The Loan Service Fee is based on actual Project costs and assessed in the final Loan amendment. The Local Government shall pay the Loan Service Fee from the first available repayment(s) following the Final Amendment.

10.03. FINANCING RATE.

The Financing Rate on the unpaid principal of the Loan amount specified in Section 10.01 is 0.58 percent per annum. The Financing Rate equals the sum of the interest rate and the Grant Allocation Assessment Rate. The interest rate is 0.29 percent per annum and the Grant Allocation Assessment rate is 0.29 percent per annum. However, if this Agreement is not executed by the Local Government and returned to the Department before July 1, 2020, the Financing Rate may be adjusted. A new Financing Rate shall be established for any funds provided by amendment to this Agreement.

10.04. LOAN TERM.

The Loan term shall be 20 years.

10.05. REPAYMENT SCHEDULE.

Repayments shall be made semiannually (twice per year). The Semiannual Loan Payment shall be computed based upon the principal amount of the Loan amount plus the estimated Loan Service Fee and the principle of level debt service. The Semiannual Loan Payment amount may be adjusted, by amendment of this Agreement, based upon revised information. After the final disbursement of Loan proceeds, the Semiannual Loan Payment shall be based upon the actual Project costs, the actual Loan Service Fee and Loan Service Fee capitalized interest, if any, and actual dates and amounts of disbursements, taking into consideration any previous payments. Actual Project costs shall be established after the Department's inspection of the completed Project and associated records. The Department will deduct the Loan Service Fee and any associated interest from the first available repayments following the Final Amendment.

Each Semiannual Loan Payment shall be in the amount of $24,377 until the payment amount is adjusted by amendment. The interest and Grant Allocation Assessment portions of each Semiannual Loan Payment shall be computed, using their respective rates, on the unpaid balance of the principal amount of the Loan, which includes Capitalized Interest. Interest (at the Financing Rate) also shall be computed on the estimated Loan Service Fee. The interest and Grant Allocation Assessment on the unpaid balance shall be computed as of the due date of each Semiannual Loan Payment.

Unless repayment is deferred by an amendment to this Agreement, Semiannual Loan Payments shall be received by the Department beginning on August 15, 2021 and semiannually

thereafter on February 15 and August 15 of each year until all amounts due hereunder have been fully paid. Funds transfer shall be made by electronic means.

The Semiannual Loan Payment amount is based on the total amount owed of $919,400, which consists of the Loan principal and the estimated Loan Service Fee.

10.06. PROJECT COSTS.

The Local Government and the Department acknowledge that actual Project costs have not been determined as of the effective date of this Agreement. An adjustment may be made due to a reduction in the scope of work proposed for Loan funding as a result of the facilities design process. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. The final costs shall be established in the final amendment. Changes in costs may also occur as a result of the Local Government's audit or the Department's audit.

The Local Government agrees to the following estimates of the Project costs:

CATEGORY	PROJECT COSTS ($)
Design Activities costs (Disbursable Amount)	900,000
Capitalized Interest	1,400
TOTAL (Loan Principal Amount)	901,400

10.07. SCHEDULE.

All Design Activities shall be completed no later than the date set forth below.

(1) Invoices submitted for work performed on or after November 13, 2019 may be eligible for reimbursement.

(2) Completion of all Design Activities for all Project facilities proposed for loan funding no later than February 15, 2021.

(3) Unless deferred by amendment, establish the Loan Debt Service Account and begin Monthly Loan Deposits no later than February 15, 2021.

(4) The first Semiannual Loan Payment in the amount of $24,377 shall be due August 15, 2021.

10.08. SPECIAL CONDITION.

Prior to any funds being released, the Local Government shall submit a Legal Opinion addressing the availability of Pledged Revenues, the right to increase rates, and subordination of the pledge.

ARTICLE XI - EXECUTION OF AGREEMENT

This Loan Agreement WW180130 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Department.

for
CITY OF FLAGLER BEACH

Linda Provencher
Mayor

Attest:

CITY OF FLAGLER BEACH FLORIDA SEAL

City Clerk

I attest to the opinion expressed in Section 2.02, entitled Legal Authorization.

City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Secretary or Designee

Date

STATE REVOLVING FUND
AMENDMENT 1 TO LOAN AGREEMENT WW180130
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Local Government) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party".

The Department and the Local Government entered into a State Revolving Fund Loan Agreement, Number WW180130; and

Loan repayment activities need rescheduling to give the Local Government additional time to complete Design Activities; and

Certain provisions of the Agreement need revision.

The Parties hereto agree as follows:

1. Unless repayment is further deferred by amendment of the Agreement, Semiannual Loan Payments as set forth in Section 10.05 shall be received by the Department beginning on February 15, 2022, and semiannually thereafter on August 15 and February 15 of each year until all amounts due under the Agreement have been fully paid.

2. The items scheduled under Section 10.07 of the Agreement are rescheduled as follows:

(2) Completion of all Design Activities for all Project facilities proposed for loan funding no later than August 15, 2021.

(3) Establish the Loan Debt Service Account and begin Monthly Loan Deposits no later than August 15, 2021.

(4) The first Semiannual Loan Payment in the amount of $24,377 shall be due February 15, 2022.

3. All other terms and provisions of the Loan Agreement shall remain in effect.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

This Amendment 1 to Loan Agreement WW180130 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Loan Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Department.

for
CITY OF FLAGLER BEACH

Suzanne Johnston
Mayor

Attest:

City Clerk

SEAL

Approved as to form and legal sufficiency:

City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Secretary or Designee

Date

STATE REVOLVING FUND
AMENDMENT 2 TO LOAN AGREEMENT WW180130
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Local Government) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party".

The Department and the Local Government entered into a State Revolving Fund Loan Agreement, Number WW180130, as amended, authorizing a Loan amount of $900,000, excluding Capitalized Interest; and

The Loan Amount, Semiannual Loan Payment amount, Loan Service Fee, and Project costs need adjustment to reflect actual costs; and

Certain provisions of the Agreement need to be revised.

The Parties hereto agree as follows:

1. The total amount awarded is reduced by $7,047. The revised total amount awarded is $892,953.

2. The Loan Service Fee is $17,859. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of $892,953.

3. The total amount of the Loan is $911,812.30, which consists of $892,953.00 disbursed to the Local Government, $1,000.30 of accrued Capitalized Interest and $17,859.00 of service fee charges.

4. The total amount remaining to repay, which amount accounts for the Department's receipt of 1 Semiannual Loan Payment is $889,126.52, consisting of unpaid principal of the Loan of $871,267.52 and an unpaid service fee charge of $17,859.00.

5. The Semiannual Loan Payment amount, adjusted to account for repayments received to date, is hereby revised and shall be in the amount of $24,144.65. Such payments shall be received by the Department on August 15, 2022 and semiannually thereafter on February 15 and August 15 of each year until all amounts due hereunder have been fully paid.

6. Subsection 2.03(1) of the Agreement is deleted and replaced as follows:

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

State Resources Awarded to the Local Government Pursuant to this Agreement Consist of the Following Resources Subject to Section 215.97, F.S.:					
State Program Number	Funding Source	CSFA Number	CSFA Title or Fund Source Description	Funding Amount	State Appropriation Category
Original Agreement	Wastewater Treatment and Stormwater Management TF	37.077	Wastewater Treatment Facility Construction	$892,953	140131

7. Project Costs are revised as follows:

The Local Government and the Department acknowledge that changes in Project costs may occur as a result of an audit. Unless this Agreement is amended subsequent to an audit, the following Project disbursements shall be final.

CATEGORY	PROJECT COSTS ($)
Design Activities costs (Disbursable Amount)	892,953.00
Capitalized Interest	1,000.30
TOTAL (Loan Principal Amount)	893,953.30

8. All other terms and provisions of the Loan Agreement shall remain in effect.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

This Amendment 2 to Loan Agreement WW180130 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Loan Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Department.

for
CITY OF FLAGLER BEACH

Mayor

Attest:

City Clerk

Approved as to form and legal sufficiency:

City Attorney

SEAL

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Angela Knecht Digitally signed by Angela Knecht
Date: 2023.01.10 13:01:39 -05'00'

Secretary or Designee

Date

Attachment 03b
Prior Debt Obligations Document - CW180131

FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

AND

CITY OF FLAGLER BEACH, FLORIDA

CLEAN WATER STATE REVOLVING FUND
CONSTRUCTION LOAN AGREEMENT
WW180131

Florida Water Pollution Control Financing Corporation
1801 Hermitage Boulevard
Tallahassee, Florida 32308

CLEAN WATER STATE REVOLVING FUND CONSTRUCTION LOAN AGREEMENT

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CLEAN WATER STATE REVOLVING FUND

CONSTRUCTION LOAN AGREEMENT

WW180131

THIS AGREEMENT is executed by the FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION (the "Corporation") and the CITY OF FLAGLER BEACH, FLORIDA (the "Local Borrower"), existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department, the Corporation, and the Local Borrower shall be referred to as "Parties" or individually as "Party".

WHEREAS, pursuant to Sections 403.1835 and 403.1837, Florida Statutes (the "State Act"), the Corporation is authorized to make loans to finance or refinance the construction of wastewater pollution control facilities, the planning and design of which have been reviewed by the State of Florida Department of Environmental Protection (the "Department"); and

WHEREAS, in accordance with the provisions of the State Act and a Service Contract dated as of June 1, 2001 (as amended from time to time, the "Service Contract") between the Corporation and the Department, the Department has responsibility for the performance of various activities in connection with such loans; and

WHEREAS, the Local Borrower applied for the financing of the Project (as hereinafter defined), and the Corporation and the Department has determined that such Project meets all requirements for a loan and have agreed to make a loan to the Local Borrower as set forth in this Agreement (the "Loan"); and

WHEREAS, in accordance with the provisions of a Master Trust Indenture dated as of June 1, 2001 (as supplemented and amended from time to time, the "Indenture") between the Corporation and U.S. Bank Trust National Association, as trustee (together with any successor trustee, the "Trustee"), the Corporation is authorized to issue bonds (the "Bonds") from time to time to fund loans pursuant to the State Act and to refund bonds issued by the Corporation; and

WHEREAS, the Loan and all payments of principal and interest thereon, including prepayments, and all proceeds thereof, but excluding the Loan Service Fee (as such term is hereinafter defined), have been pledged and assigned to the Trustee under the Indenture as security for the payment of principal of, premium, if any, and interest on the Bonds; and

WHEREAS, pursuant to the provisions of the State Act, the Service Contract and the Indenture, and as provided herein, the Corporation and the Department will cooperate to assure continuing compliance with the various requirements and separate duties and responsibilities arising from the issuance of the Bonds and the loans made by the Corporation.

NOW, THEREFORE, in consideration of the Corporation loaning money to the Local Borrower, in the principal amount and pursuant to the covenants set forth below, it is agreed as follows:

ARTICLE I – DEFINITIONS

1.01. WORDS AND TERMS.

In addition to the words and terms elsewhere defined in this Agreement, the following words and terms shall have the meanings set forth below:

(1) "Agreement" or "Loan Agreement" shall mean this construction loan agreement.

(2) "Authorized Representative" shall mean the official or officials of the Local Borrower authorized by ordinance or resolution to sign documents associated with the Loan.

(3) "Capitalized Interest" shall mean a finance charge that accrues at the Financing Rate on Loan proceeds from the time of disbursement until six months before the first Semiannual Loan Payment is due. Capitalized Interest is financed as part of the Loan principal.

(4) "Code" means the Internal Revenue Code of 1986, the Treasury Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable.

(5) "Defeasance Obligations" means:

(a) Direct obligations of, or obligations the prompt payment of principal and interest on which are fully guaranteed by, the United States of America which are not callable prior to maturity (except at the option of the holder thereof);

(b) Bonds, debentures, notes or other evidences of indebtedness issued or fully insured or guaranteed by any agency or instrumentality of the United States of America which are backed by the full faith and credit of the United States of America and which are not callable prior to maturity (except at the option of the holder thereof);

(c) Resolution Funding Corp. (REFCORP) obligations which are not callable prior to maturity (except at the option of the holder thereof); and

(d) Obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable prior to maturity or as to which irrevocable determination to call such obligations prior to maturity shall have been made by the issuer thereof, and for the payment of the principal of, premium, if any, and interest on which provision shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for owners of such obligations of securities described in clauses (a), (b) or (c), the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of, premium, if any, and interest on such obligations, and which securities are not available to satisfy any other claim, including any claim of the trustee or escrow agent or of any person claiming through the trustee or escrow agent or to whom the trustee or escrow agent may be obligated.

(6) "Depository" shall mean a bank or trust company, having a combined capital and unimpaired surplus of not less than $50 million, authorized to transact commercial banking or savings and loan business in the State and insured by the Federal Deposit Insurance Corporation.

(7) "Final Amendment" shall mean the final agreement executed between the parties that establishes the final terms for the Loan such as the final Loan amount, the interest rate, Loan Service Fee, amortization schedule and Semiannual Loan Payment amount.

(8) "Final Unilateral Amendment" shall mean the Loan Agreement unilaterally finalized by the Department after Loan Agreement and Project abandonment under Section 8.06 that establishes the final amortization schedule for the Loan.

(9) "Financing Rate" shall mean the charges, expressed as a percent per annum, imposed on the unpaid principal of the Loan. The Financing Rate shall consist of an interest rate component and a Grant Allocation Assessment rate component.

(10) "Fiscal Sustainability Plan" shall mean a systematic management technique for utility systems that focuses on the long-term life cycle of the assets and their sustained performance, rather than on short-term, day-to-day aspects of the assets. This plan shall include the inventory and evaluation of assets, the certification of water and energy conservation implementation efforts, as well as a plan for the maintenance, repair and, if necessary, the replacement of assets, as well as the schedule to do so.

(11) "Fiscal Year" shall mean the period commencing on October 1 of each year and ending on September 30 of the succeeding year.

(12) "Grant Allocation Assessment" shall mean an assessment, expressed as a percent per annum, accruing on the unpaid balance of the Loan. It is computed similarly to the way interest charged on the Loan is computed and is included in the Semiannual Loan Payment. After paying or providing for the payment of debt service on the Bonds, the Department will use Grant Allocation Assessment moneys for making grants to financially disadvantaged small communities pursuant to Section 403.1835 of the Florida Statutes.

(13) "Gross Revenues" shall mean all income or earnings received by the Local Borrower from the ownership or operation of its Utility System, including investment income, all as calculated in accordance with generally accepted accounting principles. Gross Revenues shall not include proceeds from the sale or other disposition of any part of the Utility System, condemnation awards or proceeds of insurance, except use and occupancy or business interruption insurance, received with respect to the Utility System.

(14) "Impact Fees" shall mean the fees and charges levied upon and collected from new users of the Sewer System as a contribution toward their equitable share of the cost of capital improvements required to serve new users of the Sewer System, together with the income from investment of such amounts to the extent such fees, charges, and income are legally available to pay debt service on this Loan.

(15) "Loan" shall mean the amount of money to be loaned pursuant to this Agreement and subsequent amendments.

(16) "Loan Application" shall mean the completed form which provides all information required to support obtaining construction loan financial assistance.

(17) "Loan Debt Service Account" shall mean an account, or a separately identified component of a pooled cash or liquid account, with a Depository established by the Local Borrower for the purpose of accumulating Monthly Loan Deposits and making Semiannual Loan Payments.

(18) "Loan Service Fee" shall mean an origination fee which shall be paid by the Local Borrower.

(19) "Local Governmental Entity" means a county, municipality, or special district.

(20) "Monthly Loan Deposit" shall mean the monthly deposit to be made by the Local Borrower to the Loan Debt Service Account.

(21) "Operation and Maintenance Expense" shall mean the costs of operating and maintaining the Utility System determined pursuant to generally accepted accounting principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(22) "Parity Debt" shall mean any debt obligations issued that are on an equal commercial lien position with this Loan.

(23) "Pledged Revenues" shall mean the specific revenues pledged as security for repayment of the Loan and shall be the Gross Revenues, together with impact fees derived yearly from the operation of the Utility System after payment of the Operation and Maintenance Expense and the satisfaction of all yearly payment obligations on account of the Senior Revenue Debt and any senior or parity obligations issued pursuant to Section 7.02 of this Agreement.

(24) "Project" shall mean the works financed by this Loan and shall consist of furnishing all labor, materials, and equipment to construct the treatment expansion and upgrade in accordance with the plans and specifications accepted by the Department for the "Wastewater Treatment Plant Biological Nutrient Removal Improvements" contract.

The Project is in agreement with the planning documentation accepted by the Department effective October 14, 2019. A Florida Categorical Exclusion Notification was published on August 30, 2019 and no adverse comments were received.

(25) "Semiannual Loan Payment" shall mean the payment due from the Local Borrower at six-month intervals.

(26) "Sewer System" shall mean all facilities owned by the Local Borrower for collection, transmission, treatment and reuse of wastewater and its residuals.

(27) "State" means the State of Florida.

(28) "Tax-Exempt Bonds" means Bonds the interest on which is intended on their date of issuance to be excludable from gross income of the holders thereof for federal income tax purposes.

(29) "Utility System" shall mean all devices and facilities of the Water System and Sewer System owned by the Local Borrower.

(30) "Water System" shall mean all facilities owned by the Local Borrower for supplying and distributing water for residential, commercial, industrial, and governmental use.

1.02. CORRELATIVE WORDS.

Words of the masculine gender shall be understood to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the singular shall include the plural and the word "person" shall include corporations and associations, including public entities, as well as natural persons.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Local Borrower warrants, represents and covenants that:

(1) The Local Borrower has full power and authority to enter into this Agreement and to comply with the provisions hereof.

(2) The Local Borrower currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Local Borrower's knowledge, threatened, which seeks to restrain or enjoin the Local Borrower from entering into or complying with this Agreement.

(4) All permits, real property interests, and approvals required as of the date of this Agreement have been obtained for construction and use of the Project. The Local Borrower knows of no reason why any future required permits or approvals are not obtainable.

(5) The Local Borrower shall undertake the Project on its own responsibility, to the extent permitted by law.

(6) To the extent permitted by law, the Local Borrower shall release and hold harmless the State, its agencies, the Corporation, and each of their respective officers, members, and employees from any claim arising in connection with the Local Borrower's actions or omissions in its planning, engineering, administrative, and construction activities financed by this Loan or its operation of the Project.

(7) All Local Borrower representations to the Corporation and the Department, pursuant to the Loan Application and this Agreement, were and are true and accurate as of the date the Loan Application and this Agreement were each executed by the Local Borrower. The financial information delivered by the Local Borrower to the Department was current and correct as of the date such information was delivered. The Local Borrower shall comply with Chapter 62-503, Florida Administrative Code, and all applicable State and Federal laws, rules, and regulations which are identified in the Loan Application or this Agreement. To the extent that any assurance, representation, or covenant requires a future action, the Local Borrower shall take such action as to comply with this agreement.

(8) The Local Borrower shall maintain records using generally accepted governmental accounting principles established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the Local Borrower shall keep accounts of the Utility System separate from all other accounts and it shall keep accurate records of all revenues, expenses, and expenditures relating to the Utility System, and of the Pledged Revenues, Loan disbursement receipts and Loan Debt Service Account.

(9) In the event the anticipated Pledged Revenues are shown by the Local Borrower's annual budget to be insufficient to make the Semiannual Loan Payments for such Fiscal Year when due, the Local Borrower shall include in such budget other legally available non-ad valorem funds which will be sufficient, together with the Pledged Revenues, to make the Semiannual Loan Payments. Such other legally available non-ad valorem funds shall be budgeted in the regular annual governmental budget and designated for the purpose provided by this Subsection, and the Local Borrower shall collect such funds for application as provided herein. The Local Borrower shall notify the Department immediately in writing of any such budgeting of other legally available non-ad valorem funds. Nothing in this covenant shall be construed as creating a pledge, lien, or charge upon any such other legally available non-ad valorem funds; requiring the Local Borrower to levy or appropriate ad valorem tax revenues; or preventing the Local Borrower from pledging to the payment of any bonds or other obligations all or any part of such other legally available non-ad valorem funds.

(10) Pursuant to Section 216.347 of the Florida Statutes, the Local Borrower shall not use the Loan proceeds for the purpose of lobbying the Florida Legislature, the Judicial Branch, or a State agency.

(11) The Local Borrower agrees to construct the Project in accordance with the Project schedule. Delays incident to strikes, riots, acts of God, and other events beyond the reasonable control of the Local Borrower are excepted. If for any reason construction is not completed as scheduled, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(12) The Local Borrower covenants that this Agreement is entered into for the purpose of constructing, refunding, or refinancing the Project which will in all events serve a public purpose. The Local Borrower covenants that it will, under all conditions, complete and operate the Project to fulfill the public need.

(13) The Local Borrower shall update the revenue generation system annually to assure that sufficient revenues are generated for debt service; operation and maintenance; replacement of equipment, accessories, and appurtenances necessary to maintain the system design capacity and performance during its design life; and to make the system financially self-sufficient.

(14) The Local Borrower shall take such actions, shall furnish and certify to such information and execute and deliver and cause to be executed and delivered such documents, certificates and opinions as the Corporation and/or the Department may reasonably require in connection with the Bonds, including, without limitation, any necessary continuing disclosure undertaking meeting the requirements of Securities and Exchange Commission Rule 15c2-12.

2.02. TAX WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Local Borrower acknowledges that the Corporation may issue Tax-Exempt Bonds with which to fund the Loan to the Local Borrower and that the maintenance of the tax-exempt status of any such Tax-Exempt Bonds will depend, in part, on the Local Borrower's compliance with the provisions of this Agreement. Accordingly, the Local Borrower warrants, represents and covenants that:

(1) Notwithstanding any other provisions of this Agreement, including specifically Section 2.02(8), if the Local Borrower shall be notified by the Corporation or the Department as of any date that any payment is required to be made to the United States Treasury in respect of Tax-Exempt Bonds the proceeds of which were used to fund the Loan (hereafter, the "Applicable Tax-Exempt Bonds"), and such payment is due to the failure of the Local Borrower to comply with this Agreement, the Local Borrower shall pay to the Trustee (for deposit to the applicable Subaccount of the Rebate Account established by the Indenture) the amount specified in the notice by the Corporation or the Department.

(2) The Local Borrower is a "governmental person" (as defined in Treasury Regulations §1.141-1(b)) (a "Governmental Unit") and it owns and operates the Project.

(3) The Local Borrower will not take any action or omit to take any action, which action or omission will adversely affect the exclusion from gross income of the interest on the Applicable Tax-Exempt Bonds for federal income tax purposes or cause the interest on the Applicable Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, and in the event of such action or omission, promptly upon having such brought to its attention, it will take such reasonable actions based upon an opinion of any attorney or firm of attorneys of recognized standing and experience in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and which attorney or firm of attorneys is acceptable to the Corporation ("Bond Counsel"), and in all cases at the sole expense of the Local Borrower, as may rescind or otherwise negate such action or omission. The Local Borrower will not directly or indirectly, use or permit the use of any proceeds of the Applicable Tax-Exempt Bonds or any other funds of the Local Borrower, or take or omit to take any action, that would cause the Applicable Tax-Exempt Bonds to be or become "arbitrage bonds" within the meaning of Section 148(a) of the Code or to fail to meet any other applicable requirement of Sections 141, 148, 149 and 150 of the Code or cause the interest on the Applicable Tax-Exempt Bonds, or any portion thereof, to

become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. To that end, the Local Borrower will comply with all requirements of Sections 141, 148, 149 and 150 of the Code to the extent such provisions apply to the Applicable Tax-Exempt Bonds. In the event that at any time the Corporation or the Department is of the opinion that it is necessary to restrict or limit the yield on the investment of any moneys held by the Local Borrower, the Corporation or the Department shall so instruct the Local Borrower in writing and the Local Borrower shall so restrict the yield.

(4) The Local Borrower (or any "related party", as defined in Treasury Regulations §1.150-1(b)) is prohibited from purchasing and shall not purchase any Applicable Tax-Exempt Bonds other than purchases in the open market for the purpose of tendering them to the Trustee for purchase and retirement.

(5) The Local Borrower will take no action, or permit or suffer any action or event, which will cause any of the Applicable Tax-Exempt Bonds to be or become a "private activity bond" within the meaning of the Code. To that end, the Local Borrower will not permit more than 5% of the Project or portion thereof financed with Tax-Exempt Bonds to be used for a Private Business Use. The term "Private Business Use" means use directly or indirectly in a trade or business or any other activity carried on by any Private Person other than use as a member of, and on the same basis as, the general public. The term "Private Person" means any person other than a Governmental Unit. For this purpose, the United States or any agency or instrumentality thereof is not a Governmental Unit and is therefore a Private Person. For purposes of this paragraph (5), property is considered "used" by a Private Person if:

(a) it is owned by, or leased, to such Private Person;

(b) it is operated, managed or otherwise physically employed, utilized or consumed by such Private Person, other than operation or management pursuant to an agreement that meets the conditions described in paragraph (6) below;

(c) capacity in or output service from such property is reserved or committed to such Private Person under a take-or-pay, output, incentive payment or similar contract or arrangement;

(d) such property is used to provide service to (or such service is committed to or reserved for) such Private Person on a basis or terms that are different from the basis or terms on which such service is provided (or committed or reserved) to members of the public generally (except possibly for the amount of use and any corresponding rate adjustment);

(e) such Private Person is a developer and a significant amount of the Project financed with proceeds of Tax-Exempt Bonds serves only a limited area substantially all of which is owned by such Private Person, or a limited group of developers, unless such improvement carries out an essential governmental function, such developer reasonably expects to proceed with all reasonable speed to develop the improvement and property benefited by that improvement, and the improvement is in fact transferred to a

Governmental Unit promptly after the property benefited by the improvement is developed; or

(f) substantial burdens and benefits of ownership of the Project financed with proceeds of Tax-Exempt Bonds are otherwise effectively transferred to such Private Person.

(6) Use of Bond-Financed Property.

(a) For purposes of this Agreement, the use by a Private Person of the Project financed with the proceeds of Tax-Exempt Bonds (the "Bond Financed Property") pursuant to a Qualified Use Contract (as hereafter defined) shall not be treated as a Private Business Use by such Private Person of such Bond-Financed Property or of funds used to finance or refinance such Bond-Financed Property.

(b) An arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Property (for example, management services for an entire facility or a specific department of a facility ("Use Contract")) is a "Qualified Use Contract" if all of the following conditions are satisfied:

(i) the compensation for services provided pursuant to the Use Contract is reasonable;

(ii) none of the compensation for services provided pursuant to the Use Contract is based on net profits from operation of the Bond-Financed Property or any portion thereof;

(iii) the compensation provided in the Use Contract satisfies one of the following subparagraphs:

(A) At least 95% of the compensation for each annual period during the term of the Use Contract is based on a periodic fixed fee and the term of the Use Contract, including all renewal options, does not exceed the lesser of 80% of the reasonably expected useful life of the Bond-Financed Property and 15 years. For purposes of this subparagraph (b), a "periodic fixed fee" means a stated dollar amount for services rendered for a specified period of time that does not increase except for automatic increases pursuant to a specified, objective external standard that is not linked to the output or efficiency of the Bond-Financed Property (e.g., the Consumer Price Index) and a "renewal option" means a provision under which either party to the Use Contract has a legally enforceable right to renew the Use Contract; or

(B) At least 80% of the compensation for each annual period during the term of the Use Contract is based on a periodic fixed fee and the term of the Use Contract, including all renewal options, does not exceed the lesser of 80% of the reasonably expected useful life of the Bond-Financed Property and 10 years; or

(C) At least 50% of the compensation for each annual period during the term of the Use Contract is based on a periodic fixed fee, the term of the Use Contract, including all renewal options, does not exceed 5 years, and the Use Contract is terminable by the Local Borrower on reasonable notice, without penalty or cause, at the end of the third year of the Use Contract term; or

(D) All of the compensation for services is based on a capitation fee or a combination of a capitation fee and a periodic fixed fee, the term of the Use Contract, including all renewal options, does not exceed 5 years, and the Use Contract is terminable by the Local Borrower on reasonable notice, without penalty or cause, at the end of the third year of the Use Contract term. A "capitation fee" means a fixed periodic amount for each person for whom the Service Provider assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of service actually provided to covered persons varies substantially; or

(E) All of the compensation for services is based on a per-unit fee or a combination of a per-unit fee and a periodic fixed fee, the term of the Use Contract, including all renewal options, does not exceed 3 years and the Use Contract is terminable by the Local Borrower on reasonable notice, without penalty or cause, at the end of the second year of the Use Contract term. A "per-unit fee" means a fee based on a unit of service provided (e.g., a stated dollar amount for each specified procedure); or

(F) All of the compensation for services is based on a percentage of fees charged or a combination of a per-unit fee and a percentage of revenue or expense fee, the term of the Use Contract, including all renewal options, does not exceed 2 years and the Use Contract is terminable by the Local Borrower on reasonable notice, without penalty or cause, at the end of the first year of the Use Contract term. This subparagraph (F) applies only to (a) Use Contracts under which the Private Person primarily provides services to third parties, or (b) Use Contracts involving the Bond-Financed Property during an initial start-up period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues (or gross expenses in the case of a Use Contract based on a percentage of gross expenses) (e.g., a Use Contract for general management services for the first year of operations), in which case, the compensation for services may be based on a percentage of gross revenues, adjusted gross revenues (i.e., gross revenues less allowances for bad debts and contractual and similar allowances) or expenses of the Bond-Financed Facilities, but not more than one.

For purposes of this paragraph (6)(b)(iii), a Use Contract is considered to contain termination penalties if the termination limits the Local Borrower's right to compete with the Private Person, requires the Local Borrower to purchase equipment, goods, or services from the Private Person, or requires the Local

Borrower to pay liquidated damages for cancellation of the Use Contract. Another contract between the Private Person and the Local Borrower (for example, a loan or guarantee by the Private Person) is considered to create a contract termination penalty if that contract contains terms that are not customary or arm's-length that could operate to prevent the Local Borrower from terminating the Use Contract. A requirement that the Local Borrower reimburse the Private Person for ordinary and necessary expenses, or restrictions on the hiring by the Local Borrower of key personnel of the Private Person, are not treated as contract termination penalties;

(iv) The Private Person has no role or relationship with the Local Borrower, directly or indirectly, that, in effect, substantially limits the Local Borrower's ability to exercise its rights under the Use Contract, including cancellation rights. This requirement is satisfied if:

(A) The Private Person and its directors, officers, shareholders and employees possess in the aggregate, directly or indirectly, no more than 20 percent of the voting power of the governing body of the Local Borrower;

(B) No individual who is a member of the governing body of the Private Person and the Local Borrower is the chief executive officer of the Local Borrower or the Private Person or the chairperson of the governing body of the Local Borrower or the Private Person; and

(C) The Local Borrower and the Private Person are not "related parties" (within the meaning of Treasury Regulations §1.150-1(b).

(c) The Local Borrower may treat a Use Contract that does not comply with one or more of the criteria of subparagraph (6)(b) as not resulting in Private Business Use of Bond-Financed Property if it delivers to the Corporation and the Department, at its expense, an opinion of Bond Counsel to the effect that to do so would not adversely affect the exclusion from gross income of interest on the Applicable Tax-Exempt Bonds or cause the interest on the Applicable Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

(7) Notwithstanding any provision of this Section 2.02, if the Local Borrower provides, at the Local Borrower's expense, to the Corporation and the Department an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusions from gross income of interest on the Applicable Tax-Exempt Bonds pursuant to Section 103(a) of the Code, the Local Borrower, the Corporation and the Department may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

(8) All tax warranties, representations, covenants and obligations of the Local Borrower contained in this Section 2.02 shall remain in effect and be binding upon the Local Borrower until all of the Applicable Tax-Exempt Bonds have been paid, notwithstanding any earlier termination of this Agreement or any provision for payment of principal of and premium,

if any, and interest on the outstanding Applicable Tax-Exempt Bonds and release and discharge of the Indenture.

(9) Amounts deposited from time to time in the Loan Debt Service Account will be used to pay principal and interest within 13 months after the amounts are so deposited.

(10) The Local Borrower has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay principal of, interest and any redemption premium on the Loan other than the Loan Debt Service Account. Except as set forth in the next sentence and except for money referred to in paragraph (9) above, no other money or investment property (including, without limitation, fixed income, equity and other investments) is or will be pledged as collateral or used for the payment of such principal and interest (or for the reimbursement of any others who may provide money to pay that principal and interest), or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the Corporation or holders of the Applicable Tax-Exempt Bonds reasonable assurance of the availability of such money or investment property to pay debt service on the Loan or the Applicable Tax-Exempt Bonds.

(11) Except as stated otherwise in this Agreement, no portion of the Loan will be used:

(a) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Corporation, the Local Borrower or any other Governmental Unit,

(b) to replace any proceeds of another issue of tax-exempt bonds that were not expended on the project for which such other issue was issued,

(c) to replace any money that was or will be used directly or indirectly to acquire investments,

(d) to make a loan to any other person or Governmental Unit,

(e) to pay any working capital expenditure other than expenditures identified in Treasury Regulations §1.148-6(d)(3)(ii)(A) and (B) (i.e., issuance costs of the Applicable Tax-Exempt Bonds, qualified administrative costs, reasonable charges for a qualified guarantee or for a qualified hedge, interest on the Loan for a period commencing on the issuance date of the Applicable Tax-Exempt Bonds and ending on the date that is the later of three years from that issuance date or one year after the date on which the Project was or will be placed in service, payments of amounts, if any, pursuant to paragraph (i), and costs, other than those already described, that do not exceed 5% of the sale proceeds of the Applicable Tax-Exempt Bonds and that are directly related to capital expenditures financed or deemed financed by the Applicable Tax-Exempt Bonds), or

(f) to reimburse any expenditures made prior to the issuance date of the Applicable Tax-Exempt Bonds except those that qualify as a reimbursement of prior capital expenditures, based upon an opinion of Bond Counsel, at the expense of the Local Borrower, delivered to the Department and the Corporation.

(12) The Local Borrower does not intend to sell or otherwise dispose of the Project or any portion thereof during the term of the Applicable Tax-Exempt Bonds except for dispositions of property in the normal course at the end of such property's useful life to the Local Borrower.

(13) None of the Semiannual Loan Payments shall be federally guaranteed within the meaning of Section 149(b) of the Code.

2.03. LEGAL AUTHORIZATION.

Upon signing this Agreement, the Local Borrower's legal counsel hereby expresses the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Local Borrower and shall constitute a valid and legal obligation of the Local Borrower enforceable in accordance with its terms upon execution by both parties; and

(2) This Agreement identifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.04. AUDIT AND MONITORING REQUIREMENTS.

The Local Borrower agrees to the following audit and monitoring requirements.

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

Federal Resources, Including State Match, Awarded to the Recipient Pursuant to this Agreement Consist of the Following:					
Federal Program Number	Federal Agency	CFDA Number	CFDA Title	Funding Amount	State Appropriation Category
CS12000121-0	EPA	66.458	Capitalization Grants for State Revolving Funds	$17,577,267	140131

(2) Audits.

(a) In the event that the Local Borrower expends $750,000 or more in Federal awards in its fiscal year, the Local Borrower must have a Federal single audit conducted in accordance with the provisions of 2 CFR Part 200, Subpart F. In determining the Federal awards expended in its fiscal year, the Local Borrower shall consider all sources of Federal awards, including Federal resources received from the Department. The determination of amounts of Federal awards expended should be in accordance with the guidelines established by 2 CFR Part 200, Subpart F. An audit of the Local Borrower conducted by the Auditor General in accordance with the provisions of 2 CFR Part 200, Subpart F, will meet the requirements of this part.

(b) In connection with the audit requirements addressed in the preceding paragraph (a), the Local Borrower shall fulfill the requirements relative to auditee responsibilities as provided in 2 CFR Part 200, Subpart F.

(c) If the Local Borrower expends less than $750,000 in Federal awards in its fiscal year, an audit conducted in accordance with the provisions of 2 CFR Part 200, Subpart F, is not required. The Local Borrower shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the Local Borrower. In the event that the Local Borrower expends less than $750,000 in Federal awards in its fiscal year and elects to have an audit conducted in accordance with the provisions of 2 CFR Part 200, Subpart F, the cost of the audit must be paid from non-Federal resources (i.e., the cost of such an audit must be paid from Local Borrower resources obtained from other than Federal entities).

(d) The Local Borrower may access information regarding the Catalog of Federal Domestic Assistance (CFDA) via the internet at https://beta.sam.gov/.

(3) Report Submission.

(a) Copies of reporting packages for audits conducted in accordance with 2 CFR Part 200, Subpart F, and required by Subsection 2.03(2) of this Agreement shall be submitted, when required by 2 CFR Part 200, Subpart F, by or on behalf of the Local Borrower directly to each of the following:

(i) The Department at one of the following addresses:

By Mail:

Audit Director
Florida Department of Environmental Protection
Office of the Inspector General, MS40
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-30000

or

Electronically:
FDEPSingleAudit@dep.state.fl.us

(ii) The Federal Audit Clearinghouse designated in 2 CFR Section 200.501(a) at the following address:

https://harvester.census.gov/facweb/

(iii) Other Federal agencies and pass-through entities in accordance with 2 CFR Section 200.512.

(b) Pursuant to 2 CFR Part 200, Subpart F, the Local Borrower shall submit a copy of the reporting package described in 2 CFR Part 200, Subpart F, and any

management letters issued by the auditor, to the Department at the address listed under Subsection 2.03(3)(a)(i) of this Agreement.

(c) Any reports, management letters, or other information required to be submitted to the Department pursuant to this Agreement shall be submitted timely in accordance with 2 CFR Part 200, Subpart F, Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(d) Local Borrowers, when submitting financial reporting packages to the Department for audits done in accordance with 2 CFR Part 200, Subpart F, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to the Local Borrower in correspondence accompanying the reporting package.

(4) Record Retention.

The Local Borrower shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of five years from the date of the Final Amendment, and shall allow the Department, or its designee, Chief Financial Officer, or Auditor General access to such records upon request. The Local Borrower shall ensure that working papers are made available to the Department, or its designee, Chief Financial Officer, or Auditor General upon request for a period of five years from the date of the Final Amendment, unless extended in writing by the Department.

(5) Monitoring.

In addition to reviews of audits conducted in accordance with 2 CFR Part 200, Subpart F, as revised (see audit requirements above), monitoring procedures may include, but not be limited to, on-site visits by Department staff, limited scope audits as defined by 2 CFR Part 200, Subpart F., and/or other procedures. By entering into this Agreement, the Local Borrower agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department. In the event the Department determines that a limited scope audit of the Local Borrower is appropriate, the Local Borrower agrees to comply with any additional instructions provided by the Department to the Local Borrower regarding such audit. The Local Borrower understands its duty, pursuant to Section 20.055(5), F.S., to cooperate with the Inspector General in any investigation, audit, inspection, review, or hearing. The Local Borrower will comply with this duty and ensure that any subcontracts issued under this Agreement will impose this requirement, in writing, on its subcontractors.

ARTICLE III - LOAN REPAYMENT ACCOUNT

3.01. LOAN DEBT SERVICE ACCOUNT.

The Local Borrower shall establish a Loan Debt Service Account with a Depository and begin making Monthly Loan Deposits no later than the date set forth for such action in Section 10.07 of this Agreement.

Beginning six months prior to each Semiannual Loan Payment, the Local Borrower shall make six Monthly Loan Deposits. The first five deposits each shall be at least equal to one-sixth of the Semiannual Loan Payment. The sixth Monthly Loan Deposit shall be at least equal to the amount required to make the total on deposit in the Loan Debt Service Account equal to the Semiannual Loan Payment amount, taking into consideration investment earnings credited to the account pursuant to Section 3.02.

Any month in which the Local Borrower fails to make a required Monthly Loan Deposit, the Local Borrower's chief financial officer shall notify the Department of such failure. In addition, the Local Borrower agrees to budget, by amendment if necessary, from other legally available non-ad valorem funds all sums becoming due before the same become delinquent. This requirement shall not be construed to give the Corporation a superior claim on any revenues over prior claims of general creditors of the Local Borrower, nor shall it be construed to give the Corporation or the Department the power to require the Local Borrower to levy and collect any revenues other than Pledged Revenues.

3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS.

Moneys on deposit in the Loan Debt Service Account shall be invested pursuant to the laws of the State. Such moneys may be pooled for investment purposes. The maturity or redemption date of investments shall be not later than the date upon which such moneys may be needed to make Semiannual Loan Payments. The investment earnings shall be credited to the Loan Debt Service Account and applied toward the Monthly Loan Deposit requirements.

3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.

The withdrawal of moneys from the Loan Debt Service Account shall be for the sole purpose of making the Semiannual Loan Payment or for discharging the Local Borrower's obligations pursuant to Section 8.01.

3.04. ASSETS HELD IN TRUST.

The assets in all accounts created under this Loan shall be held in trust for the purposes provided herein and used only for the purposes and in the manner prescribed in this Agreement; and, pending such use, said assets shall be subject to a lien and charge in favor of the Corporation.

ARTICLE IV - PROJECT INFORMATION

4.01. PROJECT CHANGES.

Project changes prior to bid opening shall be made by addendum to plans and specifications. Changes after bid opening shall be made by change order. The Local Borrower shall submit all addenda and all change orders to the Department for an eligibility determination. After execution of all construction, equipment and materials contracts, the Project contingency may be reduced.

4.02. TITLE TO PROJECT SITE.

The Local Borrower shall have an interest in real property sufficient for the construction and location of the Project free and clear of liens and encumbrances which would impair the usefulness of such sites for the intended use.

4.03. PERMITS AND APPROVALS.

The Local Borrower shall have obtained, prior to the Department's authorization to award construction contracts, all permits and approvals required for construction of the Project or portion of the Project funded under this Agreement.

4.04. ENGINEERING SERVICES.

A professional engineer, registered in the State, shall be employed by, or under contract with, the Local Borrower to oversee construction.

4.05. PROHIBITION AGAINST ENCUMBRANCES.

The Local Borrower is prohibited from selling, leasing, or disposing of any part of the Utility System which would materially reduce operational integrity or Gross Revenues so long as this Agreement, including any amendment thereto, is in effect unless the written consent of the Department is first secured.

4.06. COMPLETION MONEYS.

In addition to the proceeds of this Loan, the Local Borrower covenants that it has obtained, or will obtain, sufficient moneys from other sources to complete construction and place the Project in operation on, or prior to, the date specified in Article X. Failure of the Corporation or the Department to approve additional financing shall not constitute a waiver of the Local Borrower's covenants to complete and place the Project in operation.

4.07. CLOSE-OUT.

The Department shall conduct a final inspection of the Project and Project records. Following the inspection, deadlines for submitting additional disbursement requests, if any, shall be established, along with deadlines for uncompleted Loan requirements, if any. Deadlines shall be incorporated into the Loan Agreement by amendment. The Loan principal shall be reduced by any excess over the amount required to pay all approved costs. As a result of such adjustment, the Semiannual Loan Payment shall be reduced accordingly, as addressed in Section 10.05.

4.08. LOAN DISBURSEMENTS.

Disbursements shall be made only by the Trustee for expenses incurred by the Local Borrower upon receipt of a requisition in the form provided under the Indenture executed by the Department. Disbursements shall be made directly to the Local Borrower for reimbursement of the incurred construction costs and related services. A requisition for disbursements shall be made upon receipt by the Department of the following:

(1) A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work; and proof of payment.

(2) A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the invoice have been satisfactorily purchased, performed, or received and applied to the Project; that all funds received to date have been applied toward completing the Project; and that under the terms and provisions of the contracts, the Local Borrower is required to make such payments.

(3) A certification by the engineer responsible for overseeing construction stating that equipment, materials, labor and services represented by the construction invoices have been satisfactorily purchased, or received, and applied to the Project in accordance with construction contract documents; stating that payment is in accordance with construction contract provisions; stating that construction, up to the point of the requisition, is in compliance with the contract documents; and identifying all additions or deletions to the Project which have altered the Project's performance standards, scope, or purpose since the issue of the Department construction permit.

(4) Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.

ARTICLE V - RATES AND USE OF THE UTILITY SYSTEM

5.01. RATE COVERAGE.

The Local Borrower shall maintain rates and charges for the services furnished by the Utility System which together with impact fees will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year. In addition, the Local Borrower shall satisfy the coverage requirements of all Senior Revenue Debt and Parity Debt obligations.

5.02. NO FREE SERVICE.

The Local Borrower shall not permit connections to, or furnish any services afforded by, the Utility System without making a charge therefore based on the Local Borrower's uniform schedule of rates, fees, and charges.

5.03. MANDATORY CONNECTIONS.

The Local Borrower shall adopt, as necessary, and enforce requirements, consistent with applicable laws, for the owner, tenant or occupant of each building located on a lot or parcel of land which is served, or may reasonably be served, by the Sewer System to connect such building to the Sewer System.

5.04. NO COMPETING SERVICE.

The Local Borrower shall not allow any person to provide any services which would compete with the Utility System so as to adversely affect Gross Revenues.

5.05. MAINTENANCE OF THE UTILITY SYSTEM.

The Local Borrower shall operate and maintain the Utility System in a proper, sound and economical manner and shall make all necessary repairs, renewals and replacements.

5.06. ADDITIONS AND MODIFICATIONS.

The Local Borrower may make any additions, modifications or improvements to the Utility System which it deems desirable and which do not materially reduce the operational integrity of any part of the Utility System. All such renewals, replacements, additions, modifications and improvements shall become part of the Utility System.

5.07. COLLECTION OF REVENUES.

The Local Borrower shall use its best efforts to collect all rates, fees and other charges due to it. The Local Borrower shall establish liens on premises served by the Utility System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Local Borrower shall, to the full extent permitted by law, cause to discontinue the services of the Utility System and use its best efforts to shut off water service furnished to persons who are delinquent beyond customary grace periods in the payment of Utility System rates, fees and other charges.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Upon the occurrence of any of the following events (the Events of Default) all obligations on the part of Department to make any further disbursements hereunder shall, if Department elects, terminate. The Department may, at its option, exercise any of its remedies set forth in this Agreement, but Department may make any disbursements or parts of disbursements after the happening of any Event of Default without thereby waiving the right to exercise such remedies and without becoming liable to make any further disbursement:

(1) Failure to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due and such failure shall continue for a period of 30 days.

(2) Except as provided in Subsection 6.01(1), failure to comply with the provisions of this Agreement, failure in the performance or observance of any of the covenants or actions required by this Agreement or the Suspension of this Agreement by the Department pursuant to Section 8.14 below, and such failure shall continue for a period of 30 days after written notice thereof to the Local Borrower by the Department.

(3) Any warranty, representation or other statement by, or on behalf of, the Local Borrower contained in this Agreement or in any information furnished in compliance with, or in reference to, this Agreement, which is false or misleading, or if Local Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in this Agreement, the Note, or any other document given in connection with the Loan (provided, that with respect to non-monetary defaults, Department shall give written notice to Local Borrower, which shall have 30 days to cure any such default), or is unable or unwilling to meet its obligations thereunder.

(4) An order or decree entered, with the acquiescence of the Local Borrower, appointing a receiver of any part of the Utility System or Gross Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the Local Borrower, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

(5) Any proceeding instituted, with the acquiescence of the Local Borrower, for the purpose of effecting a composition between the Local Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the Utility System.

(6) Any bankruptcy, insolvency, or other similar proceeding instituted by, or against, the Local Borrower under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Local Borrower, is not dismissed within 60 days after filing.

(7) Any charge is brought alleging violations of any criminal law in the implementation of the Project or the administration of the proceeds from this Loan against one or more officials of the Local Borrower by a State or Federal law enforcement authority, which charges are not withdrawn or dismissed within 60 days following the filing thereof.

(8) Failure of the Local Borrower to give immediate written notice of its knowledge of a potential default or an event of default, hereunder, to the Department and such failure shall continue for a period of 30 days.

6.02. REMEDIES.

All rights, remedies, and powers conferred in this Agreement and the transaction documents are cumulative and are not exclusive of any other rights or remedies, and they shall be in addition to every other right, power, and remedy that Department may have, whether specifically granted in this Agreement or any other transaction document, or existing at law, in equity, or by statute. Any and all such rights and remedies may be exercised from time to time and as often and in such order as Department may deem expedient. Upon any of the Events of Default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by, *inter alia*, any of the following remedies:

(1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Utility System, and to require the Local Borrower to fulfill this Agreement.

(2) By action or suit in equity, require the Local Borrower to account for all moneys received pursuant to this Agreement or from the ownership of the Utility System and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation or the Department.

(4) By applying to a court of competent jurisdiction, cause the appointment of a receiver to manage the Utility System, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement.

(5) By certifying to the Auditor General and the Chief Financial Officer delinquency on Loan repayments, the Department may provide for the payment to the Trustee of the delinquent amount plus a penalty from any unobligated funds due to the Local Borrower under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. A penalty may be imposed in an amount not to exceed an interest rate of 18 percent per annum on the amount due in addition to charging the cost to handle and process the debt.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

(8) By accelerating the repayment schedule or increasing the Financing Rate on the unpaid principal of the Loan to as much as 1.667 times the Financing Rate.

6.03. DELAY AND WAIVER.

No course of dealing between Department and Local Borrower, or any failure or delay on the part of Department in exercising any rights or remedies hereunder, shall operate as a waiver of any rights or remedies of Department, and no single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder. No delay or omission by the Department to exercise any right or power accruing upon Events of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver or any default under this Agreement shall extend to or affect any subsequent Events of Default, whether of the same or different provision of this Agreement, or shall impair consequent rights or remedies.

ARTICLE VII - THE PLEDGED REVENUES

7.01. SUPERIORITY OF THE PLEDGE TO THE CORPORATION.

From and after the effective date of this Agreement, the Corporation shall have a lien on the Pledged Revenues, which along with any other Corporation State Revolving Fund liens on the Pledged Revenues, of equal priority, will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Local Borrower under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security

to the Senior Revenue Debt defined in Section 1.01 of this Agreement and to any additional senior obligations issued with the Department's consent pursuant to Section 7.02. The Corporation may release its lien on such Pledged Revenues in favor of the Department if the Department makes a determination in its sole discretion, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Local Borrower may issue additional debt obligations on a parity with, or senior to, the lien of the Corporation on the Pledged Revenues provided the Department's written consent is obtained. Such consent may be granted if the Local Borrower demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Utility System and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan Payments are to be made under this Agreement, equal or exceed 1.15 times the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Local Borrower and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues.

ARTICLE VIII - GENERAL PROVISIONS

8.01. DISCHARGE OF OBLIGATIONS.

All payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding Fiscal Year and all Fiscal Years thereafter until fully paid. Payments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Corporation. If at any time the Local Borrower shall have paid, or shall have made provision for the timely payment of, the entire principal amount of the Loan, and as applicable, Loan Service Fee, interest, and Grant Allocation Assessment charges, the pledge of, and lien on, the Pledged Revenues to the Corporation shall be no longer in effect. Deposit of sufficient cash or Defeasance Obligations may be made to effect defeasance of this Loan. However, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Corporation or its assignees and shall be subject to approval by the Corporation. There shall be no penalty imposed by the Corporation for early retirement of this Loan.

8.02. PROJECT RECORDS AND STATEMENTS.

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Corporation, and the Department for inspection at any reasonable time after the Local Borrower has received a disbursement and until five years after the Final Amendment date.

8.03. ACCESS TO PROJECT SITE.

The Local Borrower shall provide access to Project sites and administrative offices to authorized representatives of the Corporation and the Department at any reasonable time. The Local Borrower shall cause its engineers and contractors to cooperate during Project inspections,

including making available working copies of plans and specifications and supplementary materials.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Local Borrower hereby expressly acknowledges that the Loan and all payments of principal and interest thereon, and all proceeds thereof, but excluding the Loan Service Fee, have been pledged and assigned to the Trustee under the Indenture as security for the payment of principal of, premium, if any, and interest on the Bonds and the Trustee shall be entitled to act hereunder, and by the execution of this Agreement the Local Borrower in all respects consents to such assignment. The Corporation, the Department and the Trustee may further assign all or any parts of their rights under this Agreement without the prior consent of the Local Borrower after written notification to the Local Borrower. The Local Borrower shall not assign its rights and obligations under this Agreement without the prior written consent of the Department.

8.05. AMENDMENT OF AGREEMENT.

This Agreement may be amended in writing, except that no amendment shall be permitted which is inconsistent with any applicable statutes, rules, regulations, executive orders, or written agreements between the Department and the U.S. Environmental Protection Agency (EPA). This Agreement may be amended after all construction contracts are executed to re-establish the Project cost, Loan amount, Project schedule, and Semiannual Loan Payment amount. A Final Amendment establishing the final Project costs and the Loan Service Fee based on actual Project costs shall be completed after the Department's final inspection of the Project records.

8.06. ABANDONMENT, TERMINATION OR VOLUNTARY CANCELLATION.

Failure of the Local Borrower to actively prosecute or avail itself of this Loan (including e.g. described in para 1 and 2 below) shall constitute its abrogation and abandonment of the rights hereunder, and the Department may then, upon written notification to the Local Borrower, suspend or terminate this Agreement.

(1) Failure of the Local Borrower to draw Loan proceeds within eighteen months after the effective date of this Agreement, or by the date set in Section 10.07 to establish the Loan Debt Service Account, whichever date occurs first.

(2) Failure of the Local Borrower, after the initial Loan draw, to draw any funds under the Loan Agreement for twenty-four months, without approved justification or demonstrable progress on the Project.

Upon a determination of abandonment by the Department, the Loan will be suspended, and the Department will implement administrative close out procedures (in lieu of those in Section 4.07) and provide written notification of Final Unilateral Amendment to the Local Borrower.

In the event that following the execution of this Agreement, the Local Borrower decides not to proceed with this Loan, this Agreement can be cancelled by the Local Borrower, without penalty, if no funds have been disbursed.

8.07. SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

8.08. SIGNAGE.

The Local Borrower agrees to comply with signage guidance in order to enhance public awareness of EPA assistance agreements nationwide. A copy of this guidance is listed as on the Department's webpage at https://floridadep.gov/wra/srf/content/state-revolving-fund-resources-and-documents as "Guidance for Meeting EPA's Signage Requirements".

8.09. DAVIS -BACON ACT REQUIREMENT.

(1) The Local Borrower shall periodically interview 10% of the work force entitled to Davis-Bacon prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. Local Borrowers shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. As provided in 29 CFR 5.6(a)(5) all interviews must be conducted in confidence. The Local Borrower must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The Local Borrower shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The Local Borrower shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date of the contract or subcontract. Local Borrowers must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the Local Borrower shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(3) The Local Borrower shall periodically review contractors' and subcontractors' use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor (DOL) or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of laborers, trainees, and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in items (1) and (2) above.

(4) Local Borrowers must immediately report potential violations of the Davis-Bacon prevailing wage requirements to the appropriate DOL Wage and Hour District Office listed at http://www.dol.gov/whd/america2.htm and to the EPA Region 4 Water Division/Grants and Infrastructure Section by calling 404-562-9345. Additional information on Davis-Bacon guidance

is located on the EPA website at: https://www.epa.gov/grants/guidance-implementation-davis-bacon-epa-funded-construction-grants.

8.10. AMERICAN IRON AND STEEL REQUIREMENT.

The Local Borrower's subcontracts must contain requirements that all of the iron and steel products used in the Project are in compliance with the American Iron and Steel requirement as described in Section 608 of the Federal Water Pollution Control Act unless the Local Borrower has obtained a waiver pertaining to the Project or the Department has advised the Local Borrower that the requirement is not applicable to the Project.

8.11. FISCAL SUSTAINABILITY PLAN.

The Federal Water Pollution Control Act (FWPCA), under Section 603(d)(1)(E)(i) of that act, requires a recipient of a Loan for a project that involves the repair, replacement, or expansion of a treatment works to develop and implement a Fiscal Sustainability Plan or certify that it has developed and implemented such a plan.

The Local Borrower shall either develop and implement a Fiscal Sustainability Plan or certify that it has been developed and implemented a Fiscal Sustainability Plan , that includes the following : An inventory of critical assets that are a part of the treatment works; an evaluation of the condition and performance of inventoried assets or asset groupings; a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

At a minimum, the Fiscal Sustainability Plan shall include: an inventory of critical assets that are part of the Project funded by this Agreement; an evaluation of the condition and performance of these assets; a certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

A Fiscal Sustainability Plan certification is a certification by the Local Borrower that the Fiscal Sustainability Plan has been developed and is being implemented. For systems that self-certify under Section 603(d)(1)(E)(ii), certification is due at the time of loan closing. For systems developing a Fiscal Sustainability Plan under Section 603(d)(1)(E)(i), the requirement to develop and implement a Fiscal Sustainability Plan is a condition of the Loan Agreement and is due before the final disbursement is approved.

8.12. PUBLIC RECORDS ACCESS.

(1) The Local Borrower shall comply with Florida Public Records law under Chapter 119, F.S. Records made or received in conjunction with this Agreement are public records under Florida law, as defined in Section 119.011(12), F.S. The Local Borrower shall keep and maintain public records required by the Department to perform the services under this Agreement.

(2) This Agreement may be unilaterally canceled by the Department for refusal by the Local Borrower to either provide to the Department upon request, or to allow inspection and copying of all public records made or received by the Local Borrower in conjunction with this Agreement and subject to disclosure under Chapter 119, F.S., and Section 24(a), Article I, Florida Constitution.

(3) IF THE LOCAL BORROWER HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE LOCAL BORROWER'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE DEPARTMENT'S CUSTODIAN OF PUBLIC RECORDS AT (850)245-2118, BY EMAIL AT public.services@dep.state.fl.us, **or at the mailing address below:**

Department of Environmental Protection
ATTN: Office of Ombudsman and Public Services
Public Records Request
3900 Commonwealth Blvd, MS 49
Tallahassee, FL 32399

8.13. SCRUTINIZED COMPANIES.

(1) The Local Borrower certifies that it and its subcontractors are not on the Scrutinized Companies that Boycott Israel List. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Local Borrower or its subcontractors are found to have submitted a false certification; or if the Local Borrower, or its subcontractors are placed on the Scrutinized Companies that Boycott Israel List or is engaged in the boycott of Israel during the term of the Agreement.

(2) If this Agreement is for more than one million dollars, the Local Borrower certifies that it and its subcontractors are also not on the Scrutinized Companies with Activities in Sudan, Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria as identified in Section 287.135, F.S. Pursuant to Section 287.135, F.S., the Department may immediately terminate this Agreement at its sole option if the Local Borrower, its affiliates, or its subcontractors are found to have submitted a false certification; or if the Local Borrower, its affiliates, or its subcontractors are placed on the Scrutinized Companies that Boycott the Scrutinized Companies with Activities in Sudan List, or Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged with business operations in Cuba or Syria during the term of the Agreement.

(3) The Local Borrower agrees to observe the above requirements for applicable subcontracts entered into for the performance of work under this Agreement.

(4) As provided in Subsection 287.135(8), F.S., if federal law ceases to authorize these contracting prohibitions then they shall become inoperative.

8.14. SUSPENSION.

The Department may suspend any or all of its obligations to Loan or provide financial accommodation to the Local Borrower under this Agreement in the following events, as determined by the Department:

(1) Local Borrower abandons or discontinues the Project before its completion,

(2) The commencement, prosecution, or timely completion of the Project by the Local Borrower is rendered improbable or the Department has reasonable grounds to be insecure in the Local Borrower's ability to perform, or

(3) The implementation of the Project is determined to be illegal, or one or more officials of the Local Borrower in responsible charge of, or influence over, the Project is charged with violating any criminal law in the implementation of the Project or the administration of the proceeds from this Loan.

The Department shall notify the Local Borrower of any suspension by the Department of its obligations under this Agreement, which suspension shall continue until such time as the event or condition causing such suspension has ceased or been corrected, or the Department has re-instated the Agreement.

The Local Borrower shall have no more than 30 days following notice of suspension hereunder to remove or correct the condition causing suspension. Failure to do so shall constitute a default under this Agreement.

Following suspension of disbursements under this Agreement, the Department may require reasonable assurance of future performance from the Local Borrower prior to re-instating the Loan. Such reasonable assurance may include, but not be limited to, a payment mechanism using two party checks, escrow or obtaining a Performance Bond for the work remaining.

Following suspension, upon failure to cure, correct or provide reasonable assurance of future performance by the Local Borrower, the Department may exercise any remedy available to it by this Agreement or otherwise and shall have no obligation to fund any remaining Loan balance under this Agreement.

ARTICLE IX - CONSTRUCTION CONTRACTS AND INSURANCE

9.01. AUTHORIZATION TO AWARD CONSTRUCTION CONTRACTS.

The following documentation is required to receive the Department's authorization to award construction contracts:

(1) Proof of advertising.

(2) Award recommendation, bid proposal, and bid tabulation (certified by the responsible engineer).

(3) Certification of compliance with the conditions of the Department's approval of competitively or non-competitively negotiated procurement, if applicable.

(4) Certification Regarding Disbarment, Suspension, Ineligibility and Voluntary Exclusion.

(5) Certification that the Local Borrower and contractors are in compliance with Section 1606 with labor standards, including prevailing wage rates established for its locality by the DOL under the Davis-Bacon Act for Project construction.

(6) Certification that all procurement is in compliance with Section 8.10 which states that all iron and steel products used in the Project must be produced in the United States unless (a) a waiver is provided to the Local Borrower by the EPA or (b) compliance would be inconsistent with United States obligations under international agreements.

9.02. SUBMITTAL OF CONSTRUCTION CONTRACT DOCUMENTS.

After the Department's authorization to award construction contracts has been received, the Local Borrower shall submit:

(1) Contractor insurance certifications.

(2) Executed Contract(s).

(3) Notices to proceed with construction.

9.03. INSURANCE REQUIRED.

The Local Borrower shall cause the Project, as each part thereof is certified by the engineer responsible for overseeing construction as completed, and the Utility System (hereafter referred to as "Revenue Producing Facilities") to be insured by an insurance company or companies licensed to do business in the State against such damage and destruction risks as are customary for the operation of utility systems of like size, type and location to the extent such insurance is obtainable from time to time against any one or more of such risks.

The proceeds of insurance policies received as a result of damage to, or destruction of, the Project or the other Revenue Producing Facilities, shall be used to restore or replace damaged portions of the facilities. If such proceeds are insufficient, the Local Borrower shall provide additional funds to restore or replace the damaged portions of the facilities. Repair, construction or replacement shall be promptly completed.

ARTICLE X - DETAILS OF FINANCING

10.01. PRINCIPAL AMOUNT OF LOAN.

The estimated principal amount of the Loan is $17,637,767 which consists of $17,577,267 to be disbursed to the Local Borrower and $60,500 of Capitalized Interest.

Capitalized Interest is not disbursed to the Local Borrower, but is amortized via periodic Loan repayments as if it were actually disbursed. Capitalized Interest is computed at the Financing Rate, or rates, set for the Loan. It accrues and is compounded annually from the time when disbursements are made until six months before the first Semiannual Loan Payment is due. Capitalized Interest is estimated prior to establishing the schedule of actual disbursements.

If the total amount disbursed within eighteen months after the effective date of this Agreement is less than half of the Loan proceeds amount authorized for disbursement, the Department may unilaterally reduce the amount authorized for disbursement. Such a reduction would not affect the total authorized Loan amount.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is estimated as $351,545 for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest amount; that is, two percent of $17,577,267. The Loan Service Fee is estimated at the time of execution of the Loan Agreement and shall be revised with any increase or decrease amendment. The Loan Service Fee is based on actual Project costs and assessed in the Final Amendment. The Local Borrower shall pay the Loan Service Fee from the first available repayment(s) following the Final Amendment.

10.03. FINANCING RATE.

The Financing Rate on the unpaid principal of the Loan amount specified in Section 10.01 is 0.33 percent per annum. The Financing Rate equals the sum of the interest rate and the Grant Allocation Assessment Rate. The interest rate is 0.33 percent per annum and the Grant Allocation Assessment rate is 0 percent per annum. However, if this Agreement is not executed by the Local Borrower and returned to the Department before October 1, 2022, the Financing Rate may be adjusted. A new Financing Rate shall be established for any funds provided by amendment to this Agreement.

10.04. LOAN TERM.

The Loan term shall be 20 years.

10.05. REPAYMENT SCHEDULE.

Repayments shall be made semiannually (twice per year). The Semiannual Loan Payment shall be computed based upon the principal amount of the Loan plus the estimated Loan Service Fee and the principle of level debt service. The amount of Loan proceeds authorized for disbursement and associated Capitalized Interest will be treated as the Loan principal for computing the Semiannual Loan Payment. The Semiannual Loan Payment amount may be adjusted, by amendment of this Agreement, based upon revised information. After the final disbursement of Loan proceeds, the Semiannual Loan Payment shall be based upon the actual Project costs and the Loan Service Fee, and actual dates and amounts of disbursements, taking into consideration any previous payments. Actual Project costs shall be established after the Department's inspection of the completed Project and associated records. The Corporation will

deduct the Loan Service Fee and all associated interest from the first available repayments following the Final Amendment.

Each Semiannual Loan Payment shall be in the amount of $465,108 until the payment amount is adjusted by amendment. The interest and Grant Allocation Assessment portions of each Semiannual Loan Payment shall be computed, using their respective rates, on the unpaid balance of the principal amount of the Loan, which principal includes Capitalized Interest. Interest (at the Financing Rate) also shall be computed on the estimated Loan Service Fee. The interest and Grant Allocation Assessment on the unpaid balance shall be computed as of the due date of each Semiannual Loan Payment.

Semiannual Loan Payments shall be paid to, and must be received by, the Trustee beginning on May 15, 2025 and semiannually thereafter on November 15 and May 15 of each year until all amounts due hereunder have been fully paid. Funds transfer shall be made by electronic means.

The Semiannual Loan Payment amount is based on the total amount owed of $17,989,312 which consists of the Loan principal and the estimated Loan Service Fee.

10.06. PROJECT COSTS.

The Local Borrower, the Corporation and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or Project changes agreed upon by the Department. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Local Borrower receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of an audit.

The Local Borrower agrees to the following estimates of Project costs:

CATEGORY	PROJECT COSTS ($)
Construction and Demolition	14,959,375
Contingencies	1,495,938
Technical Services After Bid Opening	1,121,954
SUBTOTAL (Disbursable Amount)	17,577,267
Capitalized Interest	60,500
TOTAL (Loan Principal Amount)	17,637,767

10.07. PROJECT SCHEDULE.

The Local Borrower agrees by execution hereof:

(1) This Agreement shall be effective on August 11, 2021. Invoices submitted for work conducted on or after this date shall be eligible for reimbursement.

(2) Completion of Project construction is scheduled for November 15, 2024.

(3) The Loan Debt Service Account shall be established and Monthly Loan Deposits shall begin no later than November 15, 2024.

(4) The first Semiannual Loan Payment in the amount of $465,108 shall be due May 15, 2025.

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ARTICLE XI - EXECUTION OF AGREEMENT

This Loan Agreement WW180131 may be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed on its behalf by its Chief Executive Officer and the Local Borrower has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Chief Executive Officer of the Corporation.

for
FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Chief Executive Officer — Date: 2/9/23

Reviewed and approved by the Corporate Secretary

for
CITY OF FLAGLER BEACH

Mayor

Attest:

City Clerk

I attest to the opinion expressed in Section 2.03, entitled Legal Authorization.

City Attorney

SEAL

APPROVED AND ACCEPTED BY THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION.

Secretary or Designee

STATE REVOLVING FUND
AMENDMENT 1 TO LOAN AGREEMENT WW180131
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (the "Local Government") existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, the Florida Water Pollution Control Financing Corporation (Corporation) and the Local Government entered into a Clean Water State Revolving Fund Loan Agreement, Number WW180131, authorizing a Loan amount of $17,577,267, excluding Capitalized Interest; and

WHEREAS, the oversight and management of this Loan is being assumed by the Department; and

WHEREAS, the Loan to the Local Government is under same terms and conditions of the transferred Loan unless amended herein; and

WHEREAS, certain provisions of the Agreement require revision and provisions need to be added to the Agreement.

NOW, THEREFORE, the Parties hereto agree as follows:

1. Oversight and management of this Loan is transferred to the Department. All references in the Agreement to Corporation or Trustee are deleted and replaced with "Department" and all references to "Local Borrower" shall be replaced with "Local Government."

2. Subsections 1.01(4), (5), (11) and (28) of the Agreement are deleted.

3. Subsection 1.01(12) is deleted and replaced as follows:

"Grant Allocation Assessment" shall mean an assessment, expressed as a percent per annum, accruing on the unpaid balance of the Loan. It is computed similarly to the way interest charged on the Loan is computed and is included in the Semiannual Loan Payment. The Department will use Grant Allocation Assessment moneys for making grants to financially disadvantaged small communities pursuant to Section 403.1835 of the Florida Statutes.

4. Subsection 2.01(14) of the Agreement is deleted.

5. Section 2.02. of the Agreement is deleted.

6. Section 8.04 of the Agreement is deleted and replaced as follows:

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Local Government. The Local Government shall not assign rights created by this Agreement without the written consent of the Department.

7. Section 8.15 is added to the Agreement as follows:

8.15. CIVIL RIGHTS.

The Local Government shall comply with all Title VI requirements of the Civils Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Equal Employment Opportunity requirements (Executive Order 11246, as amended) which prohibit activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, or sex.

8. All other terms and provisions of the Loan Agreement shall remain in effect.

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ARTICLE XI - EXECUTION OF AGREEMENT

This Amendment 1 to Loan Agreement WW180131 may be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Department.

for
STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Angela Knecht — 2-6-24

Secretary or Designee — Date

for
CITY OF FLAGLER BEACH

Angie Initon

Mayor

Attest:

City Clerk

SEAL

Attest as to form and correctness:

City Attorney

APPROVED AND ACCEPTED BY THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Chief Executive Officer

Reviewed and approved by the Corporate Secretary or Designee

STATE REVOLVING FUND
AMENDMENT 2 TO LOAN AGREEMENT WW180131
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Local Government) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party".

The Department and the Local Government entered into a State Revolving Fund Loan Agreement, Number WW180131, as amended; and

Loan repayment activities need rescheduling to give the Local Government additional time to complete construction; and

Certain provisions of the Agreement need revision and provisions need to be added to the Agreement.

The Parties hereto agree as follows:

1. Section 8.16 is added to the Agreement as follows:

8.16. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT.

The Local Government and any contractors/subcontractors are prohibited from obligating or expending any Loan or Principal Forgiveness funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. See Section 889 of Public Law 115-232 (National Defense Authorization Act 2019). Also, see 2 CFR 200.216 and 200.471.

2. Unless repayment is further deferred by amendment of the Agreement, Semiannual Loan Payments as set forth in Section 10.05 shall be received by the Department beginning on August 15, 2028, and semiannually thereafter on February 15 and August 15 of each year until all amounts due under the Agreement have been fully paid.

3. The items scheduled under Section 10.07 of the Agreement are rescheduled as follows:

(2) Completion of Project construction is scheduled for February 15, 2028.

(3) Establish the Loan Debt Service Account and begin Monthly Loan Deposits no later than February 15, 2028.

(4) The first Semiannual Loan Payment in the amount of $465,108 shall be due August 15, 2028.

4. All other terms and provisions of the Loan Agreement shall remain in effect.

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This Amendment 2 to Loan Agreement WW180131 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Loan Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Department.

for
CITY OF FLAGLER BEACH

Mayor

Attest:

Kathleen E. Tabb, Deputy City Clerk

City Clerk

SEAL

Approved as to form and legal sufficiency:

City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Angela Knecht

Digitally signed by Angela Knecht
Date: 2025.05.09 11:03:15 -04'00'

Secretary or Designee

Date

Attachment 03c
Prior Debt Obligations Document - DW180101

Project # DW1801010 Grantee City of Flagler Beach
File Folder Agreement - Left

Attachment 4

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

AND

CITY OF FLAGLER BEACH, FLORIDA

DRINKING WATER STATE REVOLVING FUND
AMENDMENT 1 TO FINANCIAL ASSISTANCE AGREEMENT
DW1801 010

Florida Department of Environmental Protection
Bureau of Water Facilities Funding
Twin Towers Office Building
2600 Blair Stone Road, MS 3505
Tallahassee, Florida 32399-2400

DRINKING WATER STATE REVOLVING FUND AMENDMENT 1 TO FINANCIAL ASSISTANCE AGREEMENT

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DRINKING WATER STATE REVOLVING FUND

AMENDMENT 1 TO FINANCIAL ASSISTANCE AGREEMENT

DW1801 010

THIS AGREEMENT is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Project Sponsor) existing as a local governmental agency under the laws of the State of Florida.

WITNESSETH:

WHEREAS, pursuant to Section 403.8532, Florida Statutes, the Department is authorized to provide financial assistance to financially disadvantaged communities to finance or refinance the construction of public water systems, the planning and design of which have been reviewed by the Department; and

WHEREAS, the Department and the Project Sponsor entered into a Drinking Water State Revolving Fund Agreement, Number DW1801 010, authorizing a Grant amount of $204,000; and

WHEREAS, the Project Sponsor is entitled to additional financing for Construction Related Costs, consisting of Loan funds in the amount of $3,375,000, excluding Capitalized Interest; and

NOW, THEREFORE, in consideration of the Department loaning money to the Local Government, in the principal amount and pursuant to the covenants hereinafter set forth, it is agreed to supersede State Revolving Fund Loan DW1801 010 with the following:

ARTICLE I - DEFINITIONS

1.01. WORDS AND TERMS.

Words and terms used herein shall have the meanings set forth below:

(1) "Agreement" or "Financial Assistance Agreement" shall mean this construction financial assistance agreement.

(2) "Authorized Representative" shall mean the official of the Project Sponsor authorized by ordinance or resolution to sign documents associated with the Loan.

(3) "Capitalized Interest" shall mean the interest accruing on Loan proceeds from the time of disbursement until six months before the first Semiannual Loan Payment is due. Capitalized Interest is financed as part of the Loan principal.

(4) "Depository" shall mean a bank or trust company, having a combined capital and unimpaired surplus of not less than $50 million, authorized to transact commercial banking or savings and loan business in the State of Florida and insured by the Federal Deposit Insurance Corporation.

(5) "Grant" shall mean the amount of money to be awarded pursuant to this Agreement and subsequent amendments.

(6) "Grant Application" shall mean the completed form which provides all information required to support obtaining construction financial assistance.

(7) "Gross Revenues" shall mean all income or earnings received by the Project Sponsor from the ownership or operation of its Water and Sewer Systems, including investment income, all as calculated in accordance with generally accepted accounting principles. Gross Revenues shall not include proceeds from the sale or other disposition of any part of the Water or Sewer System, condemnation awards or proceeds of insurance, except use and occupancy or business interruption insurance, received with respect to the Water or Sewer System.

(8) "Loan" shall mean the amount of money to be loaned pursuant to this Agreement and subsequent amendments.

(9) "Loan Debt Service Account" shall mean an account, or a separately identified component of a pooled cash or liquid account, with a Depository established by the Project Sponsor for the purpose of accumulating Monthly Loan Deposits and making Semiannual Loan Payments.

(10) "Loan Service Fee" shall mean an origination fee which shall be paid to the Department by the Project Sponsor.

(11) "Monthly Loan Deposit" shall mean the monthly deposit to be made by the Project Sponsor to the Loan Debt Service Account.

(12) "Operation and Maintenance Expense" shall mean the costs of operating and maintaining the Water and Sewer Systems determined pursuant to generally accepted accounting principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(13) "Pledged Revenues" shall mean the specific revenues pledged as security for repayment of the Loan and shall be the Gross Revenues derived yearly from the operation of the Water and Sewer Systems after payment of the Operation and Maintenance Expense and the satisfaction of all yearly payment obligations on account of any senior obligations issued pursuant to Section 7.02 of this Agreement.

(14) "Project" shall mean the works financed by this amendment this and future amendments consisting of furnishing all labor, materials, and equipment to construct the water treatment facilities in accordance with the plans and specifications entitled "Water Treatment Plant Expansion – Parts A, B, and C" accepted by the Department effective April 15, 2004.

The Project is in agreement with the "City of Flagler Beach" Water Facilities Plan. Approval of this Project is provided by the Florida Categorical Exclusion Notification dated April 11, 2003. The Project is an Equivalency Project as defined in Chapter 62-552, Florida Administrative Code.

(15) "Semiannual Loan Payment" shall mean the payment due from the Project Sponsor to the Department at six-month intervals, and it is comprised of principal and interest. In addition, the Loan Service Fee and all associated interest are deducted from the first two payments.

(16) "Sewer System" shall mean all facilities owned by the Project Sponsor for collection, transmission, treatment and reuse of wastewater and its residuals.

(17) "Water System" shall mean all facilities owned by the Project Sponsor for supplying and distributing water for residential, commercial, industrial, and governmental use.

1.02. CORRELATIVE WORDS.

Words of the masculine gender shall be understood to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the singular shall include the plural and the word "person" shall include corporations and associations, including public bodies, as well as natural persons.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Project Sponsor warrants, represents and covenants that:

(1) The Project Sponsor has full power and authority to enter into this Agreement and to comply with the provisions hereof.

(2) The Project Sponsor currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Project Sponsor's knowledge, threatened, which seeks to restrain or enjoin the Project Sponsor from entering into or complying with this Agreement.

(4) All permits, real property interests, and approvals required as of the date of this Agreement have been obtained for construction and use of the Project. The Project Sponsor knows of no reason why any future required permits or approvals are not obtainable.

(5) The Project Sponsor shall undertake the Project on its own responsibility, to the extent permitted by law.

(6) To the extent permitted by law, the Project Sponsor shall release and hold harmless the State, its officers, members, and employees from any claim arising in connection with the Project Sponsor's actions or omissions in its planning, engineering, administrative, and construction activities financed by this Loan or its operation of the Project.

(7) All Project Sponsor representations to the Department, pursuant to the Grant Application and Agreement, were true and accurate as of the date such representations were made. The financial information delivered by the Project Sponsor to the Department was current and correct as of the date such information was delivered. The Project Sponsor shall comply with Chapter 62-552, Florida Administrative Code, and all applicable State and Federal laws, rules, and regulations which are identified in the Grant Application or Agreement. Minority and Women's Business Enterprise goals as stated in the plans and specifications apply to this Project. To the extent that any assurance,

representation, or covenant requires a future action, the Project Sponsor shall take such action as is necessary for compliance.

(8) The Project Sponsor shall maintain records using Generally Accepted Governmental Accounting Standards established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the Project Sponsor shall keep accounts of the Water and Sewer Systems separate from all other accounts and it shall keep accurate records of all revenues, expenses, and expenditures relating to the Water and Sewer Systems, and of the Pledged Revenues, Loan disbursement receipts, and Loan Debt Service Account.

(9) In the event the anticipated Pledged Revenues are shown by the Project Sponsor's annual budget to be insufficient to make the Semiannual Loan Payments for such Fiscal Year when due, the Project Sponsor shall include in such budget other legally available funds which will be sufficient, together with the Pledged Revenues, to make the Semiannual Loan Payments. Such other legally available funds shall be budgeted in the regular annual governmental budget and designated for the purpose provided by this Subsection, and the Project Sponsor shall collect such funds for application as provided herein. The Project Sponsor shall notify the Department immediately in writing of any such budgeting of other legally available funds. Nothing in this covenant shall be construed as creating a pledge, lien, or charge upon any such other legally available funds; requiring the Project Sponsor to levy or appropriate ad valorem tax revenues; or preventing the Project Sponsor from pledging to the payment of any bonds or other obligations all or any part of such other legally available funds.

(10) Each year, beginning three months before the first Semiannual Loan Payment and ending with the year during which the final Loan repayment is made, the Project Sponsor's Authorized Representative or its chief financial officer shall submit, pursuant to the schedule established in Section 10.07, a certification that: (a) Pledged Revenue collections satisfy the rate coverage requirement; (b) the Loan Debt Service Account contains the funds required; and (c) insurance in effect for the facilities generating the Pledged Revenues adequately covers the customary risks to the extent that such insurance is available.

(11) Pursuant to Section 216.347 of the Florida Statutes, the Project Sponsor shall not use this financial assistance for the purpose of lobbying the Florida Legislature, the Judicial Branch, or a State agency.

(12) The Project Sponsor agrees to construct the Project in accordance with the Project schedule. Delays incident to strikes, riots, acts of God, and other events beyond the reasonable control of the Project Sponsor are excepted. If for any reason construction is not completed as scheduled, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(13) The Project Sponsor covenants that this Agreement is entered into for the purpose of constructing, refunding, or refinancing the Project which will in all events serve a public purpose. The Project Sponsor covenants that it will, under all conditions, complete and operate the Project to fulfill the public need.

2.02. LEGAL AUTHORIZATION.

Upon signing this Agreement, the Project Sponsor's legal counsel hereby expresses the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Project Sponsor and shall constitute a valid and legal obligation of the Project Sponsor enforceable in accordance with its terms upon execution by both parties; and

(2) This Agreement specifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.03. AUDIT AND MONITORING REQUIREMENTS.

The Project Sponsor agrees to the following audit and monitoring requirements.

(1) The financial assistance authorized pursuant to this Financial Assistance Agreement consists of following:

Federal Resources, Including State Match, Awarded to the Recipient Pursuant to this Agreement Consist of the Following:					
Federal Program Number	Federal Agency	CFDA Number	CFDA Title	Funding Amount	State Appropriation Category
FS984522-040	EPA	66.468	Capitalization Grants for Drinking Water State Revolving Fund	$3,579,000	140129

(2) Audits.

(a) In the event that the Project Sponsor expends $500,000 or more in Federal awards in its fiscal year, the Project Sponsor must have a single or program-specific audit conducted in accordance with the provisions of OMB Circular A-133, as revised. Subsection 2.03(1) of this Agreement indicates that Federal funds are awarded through the Department of Environmental Protection by this Agreement. In determining the Federal awards expended in its fiscal year, the Project Sponsor shall consider all sources of Federal awards, including Federal resources received from the Department of Environmental Protection. The determination of amounts of Federal awards expended should be in accordance with the guidelines established by OMB Circular A-133, as revised. An audit of the Project Sponsor conducted by the Auditor General in accordance with the provisions of OMB Circular A-133, as revised, will meet the requirements of this part.

(b) In connection with the audit requirements addressed in the preceding paragraph (a), the Project Sponsor shall fulfill the requirements relative to auditee responsibilities as provided in Subpart C of OMB Circular A-133, as revised.

(c) If the Project Sponsor expends less than $500,000 in Federal awards in its fiscal year, an audit conducted in accordance with the provisions of OMB Circular A-133, as revised, is not required. In the event that the Project Sponsor expends less than $500,000 in Federal awards in its fiscal year and elects to have an audit conducted in accordance with the provisions of OMB Circular A-133, as revised, the cost of the audit must be paid from non-Federal resources (i.e., the cost of such an audit must be paid from Project Sponsor resources obtained from other than Federal entities).

(d) The Project Sponsor may access information regarding the Catalog of Federal Domestic Assistance (CFDA) via the internet at http://aspe.os.dhhs.gov/cfda.

(3) Report Submission.

(a) Copies of reporting packages for audits conducted in accordance with OMB Circular A-133, as revised, and required by Subsection 2.03(2) of this Agreement shall be submitted, when required by Section .320 (d), OMB Circular A-133, as revised, by or on behalf of the Project Sponsor directly to each of the following:

(i) The Department of Environmental Protection at each of the following addresses:

Don W. Berryhill, P.E., Chief
Bureau of Water Facilities Funding
Florida Department of Environmental Protection
2600 Blair Stone Road, MS 3505
Tallahassee, Florida 32399-2400

Joe Aita, Audit Director
Office of the Inspector General
Florida Department of Environmental Protection
2600 Blair Stone Road, MS 40
Tallahassee, Florida 32399-2400

(ii) The Federal Audit Clearinghouse designated in OMB Circular A-133, as revised (the number of copies required by Sections .320 (d)(1) and (2), OMB Circular A-133, as revised, should be submitted to the Federal Audit Clearinghouse), at the following address:

Federal Audit Clearinghouse
Bureau of the Census
1201 East 10th Street
Jeffersonville, IN 47132

(iii) Other Federal agencies and pass-through entities in accordance with Sections .320(e) and (f), OMB Circular A-133, as revised.

(b) Pursuant to Section .320(f), OMB Circular A-133, as revised, the Project Sponsor shall submit a copy of the reporting package described in Section .320(c), OMB Circular A-133, as revised, and any management letters issued by the auditor, to the Department of Environmental Protection at the two addresses listed under Subsection 2.03(3)(a) of this Agreement.

(c) Any reports, management letters, or other information required to be submitted to the Department of Environmental Protection pursuant to this Agreement shall be submitted timely in accordance with OMB Circular A-133, Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(d) Project Sponsors, when submitting financial reporting packages to the Department of Environmental Protection for audits done in accordance with OMB Circular A-133, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to the Project Sponsor in correspondence accompanying the reporting package.

(4) Project-Specific Audit.

Within 12 months after the amendment establishing final Project costs, the Project Sponsor shall submit to the Department a Project-specific audit report for the Loan related revenues and expenditures. The audit shall address Loan disbursements received, Project expenditures, and compliance with Financial Assistance Agreement covenants. The Project Sponsor shall cause the auditor to notify the Department immediately if anything comes to the auditor's attention during the examination of records that would constitute a default under the Financial Assistance Agreement. The audit findings shall set aside or question any costs that are unallowable under Chapter 62-552, Florida Administrative Code. A final determination of whether such costs are allowed shall be made by the Department.

(5) Record Retention.

The Project Sponsor shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of five years from the date the audit report is issued, and shall allow the Department of Environmental Protection, or its designee, Chief Financial Officer, or Auditor General access to such records upon request. The Project Sponsor shall ensure that audit working papers are made available to the Department of Environmental Protection, or its designee, Chief Financial Officer, or Auditor General upon request for a period of three years from the date the audit report is issued, unless extended in writing by the Department of Environmental Protection.

(6) Monitoring.

In addition to reviews of audits conducted in accordance with OMB Circular A-133, as revised (see audit requirements above), monitoring procedures may include, but not be limited to, on-site visits by Department staff, limited scope audits as defined by OMB Circular A-133, as revised, and/or other procedures. By entering into this Agreement, the Project Sponsor agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department of Environmental Protection. In the event the Department of Environmental Protection determines that a limited scope audit of the Project Sponsor is appropriate, the Project Sponsor agrees to comply with any additional instructions provided by the Department to the Project Sponsor regarding such audit. The Project Sponsor further agrees to comply and cooperate with any inspections, reviews, investigations, or audits deemed necessary by the Chief Financial Officer or Auditor General.

ARTICLE III - LOAN REPAYMENT ACCOUNTS

3.01. LOAN DEBT SERVICE ACCOUNT.

The Project Sponsor shall establish a Loan Debt Service Account with a Depository and begin making Monthly Loan Deposits no later than the date set forth for such action in Section 10.07 of this Agreement.

Beginning six months prior to each Semiannual Loan Payment, the Project Sponsor shall make six Monthly Loan Deposits. The first five deposits each shall be at least equal to one-sixth of the Semiannual Loan Payment. The sixth Monthly Loan Deposit shall be at least equal to the amount required to make the total on deposit in the Loan Debt Service Account equal to the Semiannual Loan Payment amount, taking into consideration investment earnings credited to the account pursuant to Section 3.02.

Any month in which the Project Sponsor fails to make a required Monthly Loan Deposit, the Project Sponsor's chief financial officer shall notify the Department of such failure. In addition, the Project Sponsor agrees to budget, by amendment if necessary, payment to the Department from other legally available funds all sums becoming due before the same become delinquent. This requirement shall not be construed to give superiority to the Department's claim on any revenues over prior claims of general creditors of the Project Sponsor, nor shall it be construed to give the Department the power to require the Project Sponsor to levy and collect any revenues other than Pledged Revenues.

3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS.

Moneys on deposit in the Loan Debt Service Account shall be invested pursuant to the laws of the State of Florida. Such moneys may be pooled for investment purposes. The maturity or redemption date of investments shall be not later than the date upon which such moneys may be needed to make Semiannual Loan Payments. The investment earnings shall be credited to the Loan Debt Service Account and applied toward the Monthly Loan Deposit requirements.

3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.

The withdrawal of moneys from the Loan Debt Service Account shall be for the sole purpose of making the Semiannual Loan Payment or for discharging the Project Sponsor's obligations pursuant to Section 8.01.

3.04. ASSETS HELD IN TRUST.

The assets in all accounts created under this Financial Assistance Agreement shall be held in trust for the purposes provided herein and used only for the purposes and in the manner prescribed in this Agreement; and, pending such use, said assets shall be subject to a lien and charge in favor of the Department.

ARTICLE IV - PROJECT INFORMATION

4.01. PROJECT CHANGES.

Project changes prior to bid opening shall be made by addendum to plans and specifications. Changes after bid opening shall be made by change order. The Project Sponsor shall submit all addenda and all change orders to the Department. All change orders require an eligibility determination by the Department. After execution of all construction, equipment and materials contracts, the Project contingency may be reduced.

4.02. TITLE TO PROJECT SITE.

The Project Sponsor shall have an interest in real property sufficient for the construction and location of the Project free and clear of liens and encumbrances which would impair the usefulness of such sites for the intended use.

4.03. PERMITS AND APPROVALS.

The Project Sponsor shall have obtained, prior to the Department's authorization to award construction contracts, all permits and approvals required for construction of the Project or portion of the Project funded under this Agreement.

4.04. ENGINEERING SERVICES.

A professional engineer, registered in the State of Florida, shall be employed by, or under contract with, the Project Sponsor to oversee construction.

4.05. PROHIBITION AGAINST ENCUMBRANCES.

The Project Sponsor is prohibited from selling, leasing, or disposing of any part of the Water or Sewer System which would materially reduce operational integrity or Gross Revenues so long as this Agreement, including any amendments thereto, is in effect unless the written consent of the Department is first secured. The Project Sponsor may be required to reimburse the Department for the grant funded cost of any such part, taking into consideration any increase or decrease in value.

4.06. COMPLETION MONEYS.

In addition to the proceeds of this Loan, the Project Sponsor covenants that it has obtained, or will obtain, sufficient moneys from other sources to complete construction and place the Project in operation on, or prior to, the date specified in Article X. Failure of the Department to approve additional financing shall not constitute a waiver of the Project Sponsor's covenants to complete and place the Project in operation.

4.07. CLOSE-OUT.

The Department shall conduct a final inspection of the Project and Project records. Following the inspection, deadlines for submitting additional disbursement requests, if any, shall be established, along with deadlines for uncompleted Loan or Grant requirements, if any. Deadlines shall be incorporated into the Financial Assistance Agreement by amendment. The Loan principal shall be reduced by any excess over the amount required to pay all approved costs. As a result of such adjustment, the Semiannual Loan Payment shall be reduced accordingly, as addressed in Section 10.05.

4.08. DISBURSEMENTS.

Disbursements shall be made only by the State Chief Financial Officer and only when the requests for such disbursements are accompanied by a Department certification that such withdrawals are proper expenditures. Disbursements shall be made directly to the Project Sponsor for engineering and administrative allowances, and reimbursement of the incurred construction costs and related services. Disbursement of the allowances shall be made upon the Department's receipt of a disbursement request form. Disbursements for materials, labor, or services shall be made upon receipt of the following:

(1) A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work.

(2) A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the invoice have been satisfactorily purchased, performed, or received and applied to the project; that all funds received to date have been applied toward completing the Project; and that under the terms and provisions of the contracts, the Project Sponsor is required to make such payments.

(3) A certification by the engineer responsible for overseeing construction stating that equipment, materials, labor and services represented by the construction invoices have been satisfactorily purchased, or received, and applied to the Project in accordance with construction contract documents; stating that payment is in accordance with construction contract provisions; stating that construction, up to the point of the requisition, is in compliance with the contract documents; and identifying all additions or deletions to the Project which have altered the Project's performance standards, scope, or purpose since the issue of the Department construction permit.

(4) Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.

ARTICLE V - RATES AND USE OF THE WATER AND SEWER SYSTEMS

5.01. RATE COVERAGE.

The Project Sponsor shall maintain rates and charges for the services furnished by the Water and Sewer Systems which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year. In addition, the Project Sponsor shall satisfy the coverage requirements of all senior and parity debt obligations.

5.02. NO FREE SERVICE.

The Project Sponsor shall not permit connections to, or furnish any services afforded by, the Water or Sewer System without making a charge therefor based on the Project Sponsor's uniform schedule of rates, fees, and charges.

5.03. MANDATORY CONNECTIONS.

The Project Sponsor shall adopt, as necessary, and enforce requirements, consistent with applicable laws, for the owner, tenant or occupant of each building located on a lot or parcel of land which is served, or may reasonably be served, by the Sewer System to connect such building to the Sewer System.

5.04. NO COMPETING SERVICE.

The Project Sponsor shall not allow any person to provide any services which would compete with the Water or Sewer System so as to adversely affect Gross Revenues.

5.05. MAINTENANCE OF THE WATER AND SEWER SYSTEMS.

The Project Sponsor shall operate and maintain the Water and Sewer Systems in a proper, sound and economical manner and shall make all necessary repairs, renewals and replacements.

5.06. ADDITIONS AND MODIFICATIONS.

The Project Sponsor may make any additions, modifications or improvements to the Water and Sewer Systems which it deems desirable and which do not materially reduce the operational integrity of any part of the Water or Sewer System. All such renewals, replacements, additions, modifications and improvements shall become part of the Water and Sewer Systems.

5.07. COLLECTION OF REVENUES.

The Project Sponsor shall use its best efforts to collect all rates, fees and other charges due to it. The Project Sponsor shall establish liens on premises served by the Water or Sewer System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Project Sponsor shall, to the full extent permitted by law, cause to discontinue the services of the Water and Sewer Systems and use its best efforts to shut off water service furnished to persons who are delinquent beyond customary grace periods in the payment of Water and Sewer System rates, fees and other charges.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Each of the following events is hereby declared an event of default:

(1) Failure to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due and such failure shall continue for a period of 30 days.

(2) Except as provided in Subsections 6.01(1) and 6.01(7), failure to comply with the provisions of this Agreement or failure in the performance or observance of any of the covenants or actions required by this Agreement and such failure shall continue for a period of 60 days after written notice thereof to the Project Sponsor by the Department.

(3) Any warranty, representation or other statement by, or on behalf of, the Project Sponsor contained in this Agreement or in any information furnished in compliance with, or in reference to, this Agreement, which is false or misleading.

(4) An order or decree entered, with the acquiescence of the Project Sponsor, appointing a receiver of any part of the Water or Sewer System or Gross Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the Project Sponsor, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

(5) Any proceeding instituted, with the acquiescence of the Project Sponsor, for the purpose of effecting a composition between the Project Sponsor and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the Water or Sewer System.

(6) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the Project Sponsor under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Project Sponsor, is not dismissed within 60 days after filing.

(7) Failure of the Project Sponsor to give immediate written notice of default to the Department and such failure shall continue for a period of 30 days.

6.02. REMEDIES.

Upon any event of default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by any of the following remedies:

(1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water and Sewer Systems, and to require the Project Sponsor to fulfill this Agreement.

(2) By action or suit in equity, require the Project Sponsor to account for all moneys received from the Department or from the ownership of the Water and Sewer Systems and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.

(4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement.

(5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus six percent, expressed as an annual interest rate, penalty of the amount due to the Department from any unobligated funds due to the Project Sponsor under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

(8) By accelerating the repayment schedule or increasing the interest rate on the unpaid principal of the Loan to as much as 1.667 times the Loan interest rate for a default under Subsection 6.01(1).

6.03. DELAY AND WAIVER.

No delay or omission by the Department to exercise any right or power accruing upon event of default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver or any default under this Agreement shall extend to or affect any subsequent event of default, whether of the same or different provision of this Agreement, or shall impair consequent rights or remedies.

ARTICLE VII - THE PLEDGED REVENUES

7.01. SUPERIORITY OF THE PLEDGE TO THE DEPARTMENT.

From and after the effective date of this Agreement, the Department shall have a lien on the Pledged Revenues, which along with any other Department State Revolving Fund liens on the Pledged Revenues, will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Local Government under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security to any additional senior obligations issued

with the Department's consent pursuant to Section 7.02. Any of the Pledged Revenues may be released from the lien on such Pledged Revenues in favor of the Department if the Department makes a determination, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Project Sponsor may issue additional debt obligations on a parity with, or senior to, the lien of the Department on the Pledged Revenues provided the Department's written consent is obtained. Such consent shall be granted if the Project Sponsor demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Water and Sewer Systems and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan Payments are to be made under this Agreement, equal or exceed 1.15 times the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Project Sponsor and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues.

ARTICLE VIII - GENERAL PROVISIONS

8.01. DISCHARGE OF OBLIGATIONS.

All payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding year and all years thereafter until fully paid. Payments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Department. If at any time the Project Sponsor shall have paid, or shall have made provision for the timely payment of, the entire principal amount of the Loan and interest, the pledge of, and lien on, the Pledged Revenues to the Department shall be no longer in effect. Deposit of sufficient cash, securities, or investments, authorized by law from time to time, may be made to effect defeasance of this Loan. However, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Department. There shall be no penalty imposed by the Department for early retirement of this Loan.

8.02. PROJECT RECORDS AND STATEMENTS.

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Department and the U.S. Environmental Protection Agency's Inspector General for inspection at any reasonable time after the Project Sponsor has received a disbursement and before three years have elapsed after the Department's final Project disbursement to the Project Sponsor.

8.03. ACCESS TO PROJECT SITE.

The Project Sponsor shall provide access to Project sites and administrative offices to authorized representatives of the Department at any reasonable time. The Project Sponsor shall cause its engineers and contractors to cooperate during Project inspections, including making available working copies of plans and specifications and supplementary materials.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Project Sponsor. The Project Sponsor shall not assign rights created by this Agreement without the written consent of the Department.

8.05. AMENDMENT OF AGREEMENT.

This Agreement may be amended in writing, except that no amendment shall be permitted which is inconsistent with statutes, rules, regulations, executive orders, or written agreements between the Department and the U.S. Environmental Protection Agency. This Agreement may be amended after all construction contracts are executed to re-establish the Project cost, Grant amount, Loan amount, Project schedule, and Semiannual Loan Payment amount. A final amendment establishing the final Project costs shall be completed after the Department's final inspection of the Project records.

8.06. ANNULMENT OF AGREEMENT.

The Department may unilaterally annul this Agreement if the Project Sponsor has not drawn any of the financial assistance proceeds by the date set in Section 10.07 for establishing the Loan Debt Service Account. If the Department unilaterally annuls this Agreement, the Department will provide written notification to the Project Sponsor.

8.07. SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

ARTICLE IX - CONSTRUCTION CONTRACTS AND INSURANCE

9.01. AUTHORIZATION TO AWARD CONSTRUCTION CONTRACTS.

The following documentation is required to receive the Department's authorization to award construction contracts:

(1) Proof of advertising.

(2) Award recommendation, bid proposal, and bid tabulation (certified by the responsible engineer).

(3) Certified copy of the Project Sponsor's tentative award resolution.

(4) Certification of compliance with the conditions of the Department's approval of competitively or non-competitively negotiated procurement, if applicable.

(5) Certification by the Authorized Representative that affirmative steps were taken to encourage Minority and Women's Business Enterprises participation in Project construction.

(6) Current certifications for Minority and Women's Business Enterprises participating in the contract. If the goals as stated in the plans and specifications are not met, documentation of actions taken shall be submitted.

9.02. SUBMITTAL OF CONSTRUCTION CONTRACT DOCUMENTS.

After the Department's authorization to award construction contracts has been received, the Project Sponsor shall submit contractor insurance certifications and notices to proceed with construction.

9.03. INSURANCE REQUIRED.

The Project Sponsor shall cause the Project, as each part thereof is certified by the engineer responsible for overseeing construction as completed, and the Water and Sewer Systems (hereafter referred to as "Revenue Producing Facilities") to be insured by an insurance company or companies licensed to do business in the State of Florida against such damage and destruction risks as are customary for the operation of Revenue Producing Facilities of like size, type and location to the extent such insurance is obtainable from time to time against any one or more of such risks.

The proceeds of insurance policies received as a result of damage to, or destruction of, the Project or the other Revenue Producing Facilities, shall be used to restore or replace damaged portions of the facilities. If such proceeds are insufficient, the Project Sponsor shall provide additional funds to restore or replace the damaged portions of the facilities. Repair, construction or replacement shall be promptly completed.

ARTICLE X - DETAILS OF FINANCING

10.01. GRANT LOAN AMOUNT.

The amount of the grant previously awarded is $204,000.

The estimated principal amount of the Loan is $3,438,900, which consists of $3,375,000 to be disbursed to the Project Sponsor and $63,900 of Capitalized Interest.

Capitalized interest is not disbursed to the Project Sponsor, but is amortized via periodic loan repayments to the Department as if it were actually disbursed. Capitalized interest is computed at the interest rate, or rates, set for the Loan. It accrues and is compounded annually from the time when disbursements are made until six months before the first Semiannual Loan Payment is due. Capitalized Interest is estimated prior to establishing the schedule of actual disbursements.

This project is a Segmented Project. Additional State Revolving Fund financing for the Project is dependent upon the availability of additional funds. The current funding limitations and future funding priority entitlement for Segmented Projects are set forth in the Chapter 62-552 of the Florida Administrative Code.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is $67,500 for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of $3,375,000. An additional Loan Service Fee amount will be assessed for any additional funding provided by amendment to this Agreement. The fee shall be adjusted downward if adjustment of Project costs results in a Loan

decrease, provided that the decrease amendment is executed before the first Semiannual Loan Payment due date.

Interest shall accrue on the Loan Service Fee at the rate, or rates, set for the Loan until the fee is paid. Loan Service Fee interest shall be compounded annually from the effective date of the Loan until six months before the first Semiannual Loan Payment is due at which time it is capitalized. The estimated Loan Service Fee capitalized interest is $2,580.

10.03. INTEREST RATE.

The rate of interest on the unpaid principal of the Loan amount specified in Section 10.01 is 2.67 percent per annum; however, if this Agreement is not executed by the Project Sponsor and returned to the Department before September 1, 2005, the interest rate may be adjusted. A separate interest rate shall be established for any additional funds provided by amendment to this Agreement.

10.04. LOAN TERM.

The Loan shall be repaid in 40 Semiannual Loan Payments.

10.05. REPAYMENT SCHEDULE.

The Semiannual Loan Payment shall be computed based upon the principal amount of the Loan plus the Loan Service Fee and Loan Service Fee capitalized interest and the principle of level debt service. The Department will deduct the Loan Service Fee and all associated interest from the first two payments. The Semiannual Loan Payment amount may be adjusted, by amendment of this Agreement, based upon revised information. After the final disbursement of Loan proceeds, the Semiannual Loan Payment shall be based upon the actual Project costs and actual dates and amounts of disbursements, taking into consideration any previous payments. Actual Project costs shall be established after the Department's inspection of the completed Project and associated records.

Each Semiannual Loan Payment shall be in the amount of $113,792 until the payment amount is adjusted by amendment. The interest portion of each Semiannual Loan Payment shall be computed on the unpaid balance of the principal amount of the Loan, including Capitalized Interest. Interest also shall be computed on the unpaid balance of the Loan Service Fee and Loan Service Fee capitalized interest. Interest shall be computed as of the due date of each Semiannual Loan Payment.

Semiannual Loan Payments shall be received by the Department beginning on July 15, 2007 and semiannually thereafter on January 15 and July 15 of each year until all amounts due hereunder have been fully paid. Funds transfer shall be made by electronic means.

The Semiannual Loan Payment amount is based on the total amount owed of $3,508,980, which consists of the Loan principal plus the Loan Service Fee with its capitalized interest.

10.06. PROJECT COSTS.

The Project Sponsor and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Project Sponsor receives other governmental financial assistance for this Project, the costs funded by such other governmental

assistance will not be financed by this Loan. The Department shall establish the final costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of the Project Sponsor's Project audit or a Department audit. The Project Sponsor agrees to the following estimates of Project costs:

(1) Estimated Financial Assistance for Preconstruction Activities Allowances:

Category	Total ($)	Grant ($)	Loan ($)
Administrative Allowance	37,410	10,200	27,210
Planning Allowance	66,300	66,300	0
Engineering Allowance	399,040	127,500	271,540
Total	502,750	204,000	298,750

Additional financial assistance is provided for the administrative and engineering allowances in accordance with Chapter 62-552, Florida Administrative Code. That chapter prohibits additional financial assistance for the planning allowance. Grant funding is provided for 85 percent of the administrative and engineering allowances; Loan financing is provided for the remainder.

(2) Estimated Construction Related Costs:

Construction and Demolition	$	5,486,364
Contingencies		548,636
Technical Services During Construction		200,000
Total	$	6,235,000

(3) Breakdown of Financial Assistance Authorized to Date:

Category	Total($)	Grant($)	Loan($)
Preconstruction Activities Allowances	502,750	204,000	298,750
Construction Related Costs	3,076,250	0	3,076,250
Subtotal (Disbursable Amount)	3,579,000	204,000	3,375,000
Capitalized Interest		--	63,900
Total Loan Principal			3,438,900

Grant funding for Construction Related Costs shall not exceed 85 percent of the allowable costs.

(4) Summary of Financial Assistance Authorized to Date (Excluding Capitalized Interest):

	Total ($)	Grant ($)	Loan ($)
Original Agreement	204,000	204,000	0
Amendment 1	3,375,000	0	3,375,000
Total	3,579,000	204,000	3,375,000

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PROJECT COSTS

CATEGORY	COST($)	AUTHORIZED LOAN AMOUNT($) TO DATE
(1) Administrative Allowance	27,210	
(2) Engineering Allowance	271,540	*Line items*
(3) Construction and Demolition	5,486,364	*may vary*
(4) Contingencies	548,636	*based on actual*
(6) Technical Services After Bid Opening	200,000	*disbursements*
SUBTOTAL(Disbursable Amount)	6,533,750	3,375,000
(7) Capitalized Interest	63,900	63,900
TOTAL (Loan Principal Amount)	6,597,650	3,438,900

10.07. SCHEDULE.

The Project Sponsor agrees by execution hereof:

(1) Completion of Project construction is scheduled for January 15, 2007.

(2) The Loan Debt Service Account shall be established and Monthly Loan Deposits shall begin no later than January 15, 2007.

(3) The initial annual certification required under Subsection 2.01(10) of this Agreement shall be due April 15, 2007. Thereafter the certification shall be submitted no later than September 30 of each year until the final Semiannual Loan Payment is made.

(4) The first Semiannual Loan Payment in the amount of $113,792 shall be due July 15, 2007.

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ARTICLE XI - EXECUTION OF AGREEMENT

This Financial Assistance Agreement DW1801 010 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

The Project Sponsor acknowledges that the project may not qualify for additional Grant funding, and if it does qualify, that the funding level may be 85 percent of the allowable costs.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Secretary of the Department and the Project Sponsor has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Secretary of the Department.

for

CITY OF FLAGLER BEACH

Edward Kuhlsen
Mayor

Attest:

Angela M Gipperson
City Clerk

SEAL

I attest to the opinion expressed in Section 2.02, entitled Legal Authorization, and as to form and legal sufficiency.

City Attorney

for

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Secretary

JUL 18 2005
Date

Project # DW1801 010 Grantee FLAGLER BEACH Step

File Folder AGREEMENT - REF

DRINKING WATER STATE REVOLVING FUND
AMENDMENT 2 TO FINANCIAL ASSISTANCE AGREEMENT DW1801 010
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Project Sponsor) existing as a local government agency under the laws of the State of Florida.

WITNESSETH:

WHEREAS, the Department and the Project Sponsor entered into a Drinking Water State Revolving Fund Financial Assistance Agreement, Number DW1801 010, as amended, authorizing a Grant amount of $204,000 and a Loan amount of $3,375,000, excluding Capitalized Interest; and

WHEREAS, the Project Sponsor is entitled to additional financing for Construction Related Costs, consisting of Loan funds in the amount of $3,158,750, excluding Capitalized Interest; and

WHEREAS, an interest rate must be established for the additional financing amount awarded in this amendment; and

WHEREAS, a Loan Service Fee must be assessed for the additional financing; and

WHEREAS, the Semiannual Loan Payment amount needs revision to reflect adjustment in the Loan amount; and

WHEREAS, revised provisions for audit and monitoring are needed.

NOW, THEREFORE, the parties hereto agree as follows:

1. Subsection 2.03(1) is deleted and replaced as follows:

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

Federal Resources, Including State Match, Awarded to the Recipient Pursuant to this Agreement Consist of the Following:					
Federal Program Number	Federal Agency	CFDA Number	CFDA Title	Funding Amount	State Appropriation Category
FS984522-050	EPA	66.468	Capitalization Grants for Drinking Water State Revolving Fund	$6,737,750	140129

2. Additional Loan funding in the amount of $3,158,750, excluding Capitalized Interest, is hereby awarded to the Project Sponsor.

3. An interest rate of 2.65 percent per annum is established for the additional financing amount awarded in this amendment; however, if this amendment is not executed by the Project Sponsor and returned to the Department before July 1, 2006, the interest rate may be adjusted.

4. The estimated principal amount of the Loan is hereby revised to $6,622,250, which consists of $6,533,750 authorized for disbursement to the Project Sponsor and $88,500 of Capitalized Interest. This total consists of the following:

(a) $3,442,400, including $3,375,000 authorized for disbursement to the Project Sponsor and $67,400 of Capitalized Interest, at an interest rate of 2.67 percent per annum; and

(b) $3,179,850, including $3,158,750 authorized for disbursement to the Project Sponsor and $21,100 of Capitalized Interest, at an interest rate of 2.65 percent per annum.

5. An additional Loan Service Fee in the amount of $63,175, for a total of $130,675, is hereby assessed. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of $6,533,750. Estimated Loan Service Fee Capitalized Interest for the fee amount assessed to date is $3,560.

6. The Semiannual Loan Payment amount is hereby revised and shall be in the amount of $218,911. Such payments shall be received by the Department on July 15, 2007 and semiannually thereafter on January 15 and July 15 of each year until all amounts due hereunder have been fully paid. Until this Agreement is further amended, each Semiannual Loan Payment will be proportionally applied, after deduction of the Loan Service Fee is complete, toward repayment of the amounts owed on each incremental Loan amount at the date such payment is due.

The Semiannual Loan Payment amount is based on the total amount owed of $6,756,485, which consists of the Loan principal plus the Loan Service Fee with its capitalized interest (if any).

7. The Project Sponsor and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Project Sponsor receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of the Project Sponsor's Project audit or a Department audit. The Project Sponsor agrees to the following estimates of Project costs:

(1) Estimated Financial Assistance for Preconstruction Activities Allowances:

Category	Total ($)	Grant ($)	Loan ($)
Administrative Allowance	55,803	10,200	45,603
Planning Allowance	66,300	66,300	0
Engineering Allowance	595,235	127,500	467,735
Total	717,338	204,000	513,338

Additional financial assistance is provided for the administrative and engineering allowances in accordance with Chapter 62-552, Florida Administrative Code. That chapter prohibits additional financial assistance for the planning allowance. Grant funding is provided for 85 percent of the administrative and engineering allowances; Loan financing is provided for the remainder.

(2) Estimated Construction Related Costs:

Construction and Demolition	$	8,273,224
Contingencies		827,322
Technical Services During Construction		200,000
Total	$	9,300,546

(3) Financial Assistance Authorized to Date:

Category	Total($)	Grant($)	Loan($)
Administrative Allowance	55,803	10,200	45,603
Planning Allowance	66,300	66,300	0
Engineering Allowance	595,235	127,500	467,735
Construction and Demolition	5,291,284	0	5,291,284
Contingencies	529,128	0	529,128
Technical Services	200,000	0	200,000
Subtotal (Disbursable Amount)	6,737,750	204,000	6,533,750
Capitalized Interest	--	--	88,500
Total Loan Principal	--	--	6,622,250

Grant funding for Construction Related Costs shall not exceed 85 percent of the allowable costs.

(4) Summary of Financial Assistance Authorized to Date (Excluding Capitalized Interest):

	Total ($)	Grant ($)	Loan ($)
Original Agreement	204,000	204,000	0
Amendment 1	3,375,000	0	3,375,000
Amendment 2	3,158,750		3,158,750
Total	6,737,750	204,000	6,533,750

8. All other terms and provisions of the Agreement shall remain in effect.

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This Amendment 2 to Financial Assistance Agreement DW1801 010 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Financial Assistance Agreement to be executed on its behalf by the Director and the Project Sponsor has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Director.

for
CITY OF FLAGLER BEACH

Alice M. Baker
Mayor

Attest

Agatha M Appesa
City Clerk

SEAL

I attest that this amendment complies with Section 2.02 of the Agreement and as to form and correctness.

City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Director

JUN 05 2006
Date

Project DW801010 Sponsor FLAGLER BEACH
File Folder AGREEMENT - LOAN

DRINKING WATER STATE REVOLVING FUND
AMENDMENT 3 TO FINANCIAL ASSISTANCE AGREEMENT DW1801 010
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Project Sponsor) existing as a local government agency under the laws of the State of Florida.

WITNESSETH:

WHEREAS, the Department and the Project Sponsor entered into a Drinking Water State Revolving Fund Financial Assistance Agreement, Number DW1801 010, as amended, authorizing a Grant amount of $204,000 and a Loan amount of $6,533,750, excluding Capitalized Interest; and

WHEREAS, the Project Sponsor is entitled to additional financing of Loan funds in amount $3,280,134, excluding Capitalized Interest; and

WHEREAS, revised provisions for audit and monitoring are needed; and

WHEREAS, an interest rate must be established for the additional Loan financing awarded in this amendment; and

WHEREAS, a Loan Service Fee must be assessed for the additional Loan financing; and

WHEREAS, the Semiannual Loan Payment amount needs revision to reflect adjustment in the Loan amount; and

WHEREAS, the Project costs need revision to reflect adjusted estimates; and

WHEREAS, the definition of Project needs revision to include the contracts which have been awarded.

NOW, THEREFORE, the parties hereto agree as follows:

1. Subsection 1.01(14) of the Agreement, as amended, is deleted and replaced as follows:

   "Project" shall mean the works financed by this amendment and future amendments consisting of furnishing all labor, materials, and equipment to construct the water treatment facilities in accordance with the plans and specifications accepted by the Department for the following contracts:

   (a) "Water Treatment Plant Expansion Part A"; and

   (b) "Water & Concrete Mains Part B"; and

   (c) "Water Supply Wells Part C".

   The Project is in agreement with the "City of Flagler Beach Water Facilities Plan". Approval of this Project is provided by the Florida Categorical Exclusion Notification dated April 11, 2003. The Project is an Equivalency Project as defined in Chapter 62-552, Florida Administrative Code.

2. Subsections 2.03(1), as amended, and (3)(a)(i) of the Agreement are deleted and replaced as follows:

(1) The financial assistance authorized pursuant to this Loan Agreement consists of following:

Federal Resources, Including State Match, Awarded to the Recipient Pursuant to this Agreement Consist of the Following:					
Federal Program Number	Federal Agency	CFDA Number	CFDA Title	Funding Amount	State Appropriation Category
FS984522-060	EPA	66.468	Capitalization Grants for Drinking Water State Revolving Fund	$10,017,884	140129

(3) Report Submission.

(a) Copies of reporting packages for audits conducted in accordance with OMB Circular A-133, as revised, and required by Subsection 2.03(2) of this Agreement shall be submitted, when required by Section .320 (d), OMB Circular A-133, as revised, by or on behalf of the Project Sponsor directly to each of the following:

(i) The Department of Environmental Protection at each of the following addresses:

Don W. Berryhill, P.E., Chief
Bureau of Water Facilities Funding
Florida Department of Environmental Protection
2600 Blair Stone Road, MS 3505
Tallahassee, Florida 32399-2400

Joe Aita, Audit Director
Office of the Inspector General
Florida Department of Environmental Protection
3900 Commonwealth Boulevard, MS 41
Tallahassee, Florida 32399-3123

3. Additional Loan financing in the amount of $3,280,134, excluding Capitalized Interest, is hereby awarded to the Project Sponsor.

4. An interest rate of 2.64 percent per annum is established for the additional Loan financing amount awarded in this amendment; however, if this amendment is not executed by the Project Sponsor and returned to the Department before October 1, 2007, the interest rate may be adjusted.

5. The estimated principal amount of the Loan is hereby revised to $9,823,718, which consists of $9,813,884 authorized for disbursement to the Project Sponsor and $9,834 of Capitalized Interest. This total consists of the following:

(a) Amendment 1 of $3,384,834, including $3,375,000 authorized for disbursement to the Project Sponsor and $9,834 of Capitalized Interest, at an interest rate of 2.67 percent per annum; and

(b) Amendment 2 of $3,158,750, authorized for disbursement to the Project Sponsor, at an interest rate of 2.65 percent per annum; and

(c) Amendment 3 of $3,280,134, authorized for disbursement to the Project Sponsor, at an interest rate of 2.64 percent per annum.

The estimated principal does not reflect payments received to date.

6. An additional Loan Service Fee in the amount of $65,603, for a total of $196,278, is hereby assessed. The fee represents two percent of the Loan amount; that is, two percent of $9,813,884. The unpaid balance of $65,603 and associated interest will be deducted from the first Semiannual Loan Payment after the effective date of this amendment.

7. The Semiannual Loan Payment amount, adjusted to account for repayments received to date, is hereby revised and shall be in the amount of $324,566. Such payments shall be received by the Department on January 15, 2008 and semiannually thereafter on July 15 and January 15 of each year until all amounts due hereunder have been fully paid. Until this Agreement is further amended, each Semiannual Loan Payment will be proportionally applied, after deduction of the Loan Service Fee is complete, toward repayment of the amounts owed on each incremental Loan amount at the date such payment is due.

8. The Project Sponsor and the Department acknowledge that the actual cost of the Project has not been determined. Project cost adjustments may be made as a result of construction bidding or mutually agreed upon Project changes. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Project Sponsor receives other governmental financial assistance for the Project, the costs funded by such governmental assistance will not be funded by this Grant or Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of the Project Sponsor's Project audit or a Department audit.

Funds disbursed in accordance with this Agreement shall be disbursed in the order in which they have been obligated without respect to budgetary line item estimates. Disbursements of Loan proceeds shall be made from the original Loan amount until that amount has been disbursed; the interest rate established for the original Loan amount shall apply to such disbursements for the purpose of determining the associated Capitalized Interest and repayment amounts. The interest rate established for any additional increment of Loan financing shall be used to determine the Capitalized Interest and repayment amounts associated with the funds disbursed from that increment.

The estimated Project costs and a breakdown of financial assistance awarded to date follow.

(1) Estimated Construction Related Costs:

Construction and Demolition	$ 8,273,224
Contingencies	827,322
Technical Services After Bid Opening	200,000
Total	$ 9,300,546

(2) Financial Assistance for Estimated Preconstruction Activities Allowances:

Category	Total ($)	Grant ($)	Loan ($)
Administrative Allowance	55,803	10,200	45,603
Planning Allowance	66,300	66,300	0
Engineering Allowance	595,235	127,500	467,735
Total	717,338	204,000	513,338

(3) Breakdown of Financial Assistance Authorized to Date:

Category	Total($)	Grant($)	Loan($)
Preconstruction Activities Allowances	717,338	204,000	513,338
Construction Related Costs	9,300,546	0	9,300,546
Subtotal (Disbursable Amount)	10,017,884	204,000	9,813,884
Capitalized Interest	--	--	9,834
Total Loan Principal	--	--	9,823,718

Grant funding for Construction Related Costs shall not exceed 85 percent of the eligible costs.

(4) Summary of Financial Assistance Authorized to Date (Excluding Capitalized Interest):

	Total($)	Grant($)	Loan($)
Original Agreement	204,000	204,000	0
Amendment 1	3,375,000	0	3,375,000
Amendment 2	3,158,750	0	3,158,750
Amendment 2	3,280,134	0	3,280,134
Total to Date	10,017,884	204,000	9,813,884

9. Section 10.09, SPECIAL CONDITIONS, is added to the Agreement as follows:

As of the date of this Amendment, the Department has not received its fiscal year 2006-2007 federal capitalization grant award. In order to prevent the loss of authority to issue your SRF Amendment, the funds must be under contract before January 31, 2008. However, no disbursements may be made for this award until the state's allocation from EPA has been received. The Department will notify the Local Government when funding is available.

10. All other terms and provisions of the Loan Agreement shall remain in effect.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

This Amendment 3 to Financial Assistance Agreement DW1801 010 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Agreement to be executed on its behalf by the Deputy Director and the Project Sponsor has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Deputy Director.

for
CITY OF FLAGLER BEACH

Mayor

Attest

City Clerk

SEAL

I attest that this amendment complies with Section 2.02 of the Agreement and as to form and correctness.

City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

JUL 3 0 2007

Deputy Director
Division of Water Resource Management

Date

Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

CERTIFIED MAIL - RETURN RECEIPT REQUIRED

JUL 12 2010

July 7, 2010

CITY OF FLAGLER BEACH
JUL 15 2010
RECEIVED

Ms. Kathleen Doyle
Finance Director
City of Flagler Beach
Post Office Box 70
Flagler Beach, Florida 32136

Re: DW1801 010 - Flagler Beach
Source, Transmission and Treatment

Dear Ms. Doyle:

Enclosed is one original of Amendment 4 to your loan agreement under the State Revolving Fund program. The amendment is now in effect and no further amendments are expected. Please note that the final amendment requires a separate project close-out audit to be submitted to the Department within one year of the amendment's effective date. The audit should be sent to Cindy Bonds at the above address, Mail Station 3505.

We congratulate you and your staff on your efforts and are pleased that we can work with you on this project.

If you have any questions, please call Lekenyia Beal at (850) 245-8358.

Sincerely,

Phil Coram, P.E., Deputy Director
Division of Water Resource Management

PC/lb

Enclosures

cc: Honorable Alice Baker - City of Flagler Beach

STATE REVOLVING FUND
AMENDMENT 4 TO FINANCIAL ASSISTANCE AGREEMENT DW1801 010
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Project Sponsor) existing as a local government agency under the laws of the State of Florida.

WITNESSETH:

WHEREAS, the Department and the Project Sponsor entered into a State Revolving Fund Financial Assistance Agreement, Number DW1801 010, as amended, authorizing a Grant amount of $204,000 and a Loan amount of $9,813,884, excluding Capitalized Interest; and

WHEREAS, the Loan amount and Project costs need adjustment to reflect actual costs; and,

WHEREAS, the Semiannual Loan Payment amount needs revision to reflect adjustment of the Loan amount and account for payments made to date.

WHEREAS, revised provisions for audit and monitoring along with related changes to the Project schedule are needed.

NOW, THEREFORE, the parties hereto agree as follows:

1. The total disbursed Grant amount is $204,000.

2. The Loan amount is hereby reduced by $2,312,136, and the adjusted total disbursed Loan amount is $7,501,748.

3. The Loan Service Fee is $196,278.00, and capitalized Loan Service Fee interest is $3,747.25.

4. The total amount to repay is $7,711,607.31, which consisted of $7,501,748.00 disbursed to the Project Sponsor, $200,025.25 of Loan Service Fee charges and $9,834.06 of accrued Capitalized Interest.

5. The unpaid principal balance of the Loan is $6,337,392.54, which amount accounts for the Department's receipt of six Semiannual Loan Payments and consists of the following:

(a) Amendment 1 unpaid balance of $2,838,803.56 at an interest rate of 2.67 percent per annum.

(b) Amendment 2 unpaid balance of $2,655,440.25 at an interest rate of 2.65 percent per annum.

(c) Amendment 3 unpaid balance of $843,148.73 at an interest rate of 2.64 percent per annum.

6. Subsections 2.03 (1), (2)(d), and (3)(a)(i) of the Agreement, as amended, is deleted and replaced as follows:

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

Federal Resources, Including State Match, Awarded to the Recipient Pursuant to this Agreement Consist of the Following:					
Federal Program Number	Federal Agency	CFDA Number	CFDA Title	Funding Amount	State Appropriation Category
FS984522-060	EPA	66.468	Capitalization Grants for Drinking Water State Revolving Fund	$ 7,501,748	140129

(2) Audits.

(d) The Project Sponsor may access information regarding the Catalog of Federal Domestic Assistance (CFDA) via the internet at www.cfda.gov/index?cck=1&au=&ck=.

(3) Report Submission.

(a) Copies of reporting packages for audits conducted in accordance with OMB Circular A-133, as revised, and required by Subsection 2.03(2) of this Agreement shall be submitted, when required by Section .320 (d), OMB Circular A-133, as revised, by or on behalf of the Project Sponsor directly to each of the following:

(i) The Department of Environmental Protection at each of the following addresses:

Robert E. Holmden, P.E., Chief
Bureau of Water Facilities Funding
Florida Department of Environmental Protection
2600 Blair Stone Road, MS 3505
Tallahassee, Florida 32399-2400

Joe Aita, Audit Director
Office of the Inspector General
Florida Department of Environmental Protection
3900 Commonwealth Boulevard, MS 41
Tallahassee, Florida 32399-3123

7. The Semiannual Loan Payment amount, adjusted to account for repayments received to date, is hereby revised and shall be in the amount of $232,874.88. Such payments shall be

received by the Department on July 15, 2010 and semiannually thereafter on January 15 and July 15 of each year until all amounts due hereunder have been fully paid.

The Semiannual Loan Payment amount is based on the total amount owed of $6,337,392.54.

8. The Project Sponsor and the Department acknowledge that changes in Project costs may occur as a result of the Project Sponsor's Project audit or a Department audit pursuant to Chapter 62-552 of the Florida Administrative Code. Unless this Agreement is amended subsequent to an audit, the following Financial Assistance disbursements for the Project shall be final.

Category	Total($)	Grant($)	Loan($)
Administrative Allowance	37,410	10,200	27,210
Planning Allowance	66,300	66,300	0
Engineering Allowance	409,040	127,500	281,540
Construction and Demolition	7,192,998	0	7,192,998.00
Subtotal (Disbursed Amount)	7,705,748	204,000	7,501,748.00
Capitalized Interest	--	--	9,834.06
Total Loan Principal	--	--	7,511,582.06

9. All other terms and provisions of the Loan Agreement shall remain in effect.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

This Amendment 4 to Loan Agreement DW1801 010 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Loan Agreement to be executed on its behalf by the Deputy Director, and the Project Sponsor has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Deputy Director.

for

CITY OF FLAGLER BEACH

Mayor

Attest:

City Clerk

SEAL

I attest to the opinion expressed in Section 2.02, entitled Legal Authorization.

City Attorney

for

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

JUN 2 9 2010

Deputy Director
Division of Water Resource Management

Date

Department of Environmental Protection

Jeb Bush
Governor

Northeast District
7825 Baymeadows Way, Suite B-200
Jacksonville Florida 32256-7590

Colleen Castille
Secretary

NOTICE OF PERMIT ISSUANCE

SENT BY E-MAIL
manager@cityofflaglerbeach.com

Ms. Nancy Ciummo, City Manager
City of Flagler Beach
105 South Second Street
Flagler Beach, Florida 32126

RECEIVED
APR 09 2004
Mittauer & Associates, Inc.

Dear Ms. Ciummo:

Flagler County – Potable Water
City of Flagler Beach WTP Expansion
City of Flagler Beach WTP

Enclosed is permit 0080281-014-WC, dated April 9, 2004, for the construction of a new 1.5 MGD membrane softening plant, four new production wells and a new raw water transmission main. This permit is issued pursuant to Section(s) 403.087, Florida Statutes (F.S.).

A person whose substantial interests are affected by this permit may petition for an administrative proceeding (hearing) in accordance with Section l20.57, F.S. The petition must contain the information set forth below and must be filed (received) at the Department's Office of General Counsel, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000, within l4 days of receipt of this Permit. Petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. Failure to file a petition within this time period shall constitute a waiver of any right such person may have to request an administrative determination (hearing) under Section l20.57, F.S.

The petition shall contain the following information:

(a) The name, address, and telephone number of each petitioner, the applicant's name and address, the Department Permit File Number and the county in which the project is proposed;
(b) A statement of how and when each petitioner received notice of the Department's action or proposed action;
(c) A statement of how each petitioner's substantial interests are affected by the Department's action or proposed action;
(d) A statement of the material facts disputed by petitioner, if any;

(e) A statement of facts which petitioner contends warrant reversal or modification of the Department's action or proposed action;
(f) A statement of which rules or statutes petitioner contends require reversal or modification of the Department's action or proposed action; and
(g) A statement of the relief sought by petitioner, stating precisely the action petitioner wants the Department to take with respect to the Department's action or proposed action.

If a petition is filed, the administrative hearing process is designed to formulate agency action. Accordingly, the Department's final action may be different from the position taken by it in this permit. Persons whose substantial interests will be affected by any decision of the Department with regard to the application have the right to petition to become a party to the proceeding. The petition must conform to the requirements specified above and be filed (received) within l4 days of receipt of this notice in the Office of General Counsel at the above address of the Department. Failure to petition within the allowed time frame constitutes a waiver of any right such person has to request a hearing under Section l20.57, F.S., and to participate as a party to this proceeding. Any subsequent intervention will only be at the approval of the presiding officer upon motion filed pursuant to Rule 28-5.207, Florida Administrator Code (F.A.C.).

This permit is final and effective on the date filed with the Clerk of the Department unless a petition is filed in accordance with the above paragraphs or unless a request for extension of time in which to file a petition is filed within the time specified for filing a petition and conforms to Rule 62-l03.070, F.A.C. Upon timely filing of a petition or a request for an extension of time this permit will not be effective until further Order of the Department.

When the Order (Permit) is final, any party to the Order has the right to seek judicial review of the Order pursuant to Section l20.68, Florida Statutes, by the filing of a Notice of Appeal pursuant to Rule 9.110, Florida Rules of Appellate procedure, with the Clerk of the Department in the Office of General Counsel, 3900 Commonwealth Boulevard, Mail Station #35, Tallahassee, Florida 32399-3000; and by filing a copy of the Notice of Appeal accompanied by the applicable filing fees with the appropriate District Court of Appeal. The Notice of Appeal must be filed within 30 days from the date the Final Order is filed with the Clerk of the Department.

Department of
Environmental Protection

Jeb Bush
Governor

Northeast District
7825 Baymeadows Way, Suite B-200
Jacksonville Florida 32256-7590

David B. Struhs
Secretary

PERMITTEE:

Ms. Nancy Ciummo, City Manager
City of Flagler Beach
105 South Second Street
Flagler Beach, Florida 32126

I.D. Number: 2180349
Permit/Cert Number: 0080281-014-WC
Date of Issue: April 9, 2004
Expiration Date: April 8, 2009
County: Flagler
Project: City of Flagler Beach WTP Expansion
Plant: City of Flagler Beach WTP

This permit is issued under the provisions of Chapter 403, Florida Statutes (F.S.), and Florida Administrative Code (F.A.C.) Chapter 62-555 (formerly 17-22). The above named Permittee is hereby authorized to perform the work or operate the facility shown on the application and approved drawing(s), plans, and other documents attached hereto or on file with the Department and made a part hereof and specifically described as follows:

Description: Construction of a new 1.5 MGD membrane softening plant, four new production wells and a new raw water transmission main.

Location: The new membrane softening plant is approximately 0.5 mile west of intersection between I-95 and Moody Boulevard, in Flagler County, Florida.

"More Protection, Less Process"

PERMITTEE:

Ms. Nancy Ciummo
City of Flagler Beach

Permit/Cert Number: 0080281-014-WC
Date of Issue: April 9, 2004
Expiration Date: April 8, 2009
Project: City of Flagler Beach WTP Expansion

GENERAL CONDITIONS:

1. The terms, conditions, requirements, limitations and restrictions set forth in this permit, are "permit conditions" and are binding and enforceable pursuant to Sections 403.141, 403.727, or 403.859 through 403.861, F.S. Permittee is placed on notice that the Department will review this permit periodically and may initiate enforcement action for any violation of these conditions.

2. This permit is valid only for the specific processes and operations applied for and indicated in the approved drawings or exhibits. Any unauthorized deviation from the approved drawings, exhibits, specifications, or conditions of this permit may constitute grounds for revocation and enforcement action by the Department.

3. As provided in subsections 403.087(6) and 403.722(5), F.S., the issuance of this permit does not convey any vested rights or any exclusive privileges. Neither does it authorize any injury to public or private property or any invasion of personal rights, nor any infringement of federal, state, or local laws or regulations. This permit is not a waiver of or approval of any other Department permit that may be required for other aspects of the total project which are not addressed in this permit.

4. This permit conveys no title to land or water, does not constitute State recognition or acknowledgment of title, and does not constitute authority for the use of submerged lands unless herein provided and the necessary title or leasehold interests have been obtained from the State. Only the Trustees of the Internal Improvement Trust Fund may express State opinion as to title.

5. This permit does not relieve Permittee from liability for harm or injury to human health or welfare, animal, or plant life, or property caused by the construction or operation of this permitted source, or from penalties therefore; nor does it allow Permittee to cause pollution in contravention of Florida Statutes and Department rules, unless specifically authorized by an order from the Department.

6. Permittee shall properly operate and maintain the facility and systems of treatment and control (and related appurtenances) that are installed and used by Permittee to achieve compliance with the conditions of this permit, and required by Department rules. This provision includes the operation of backup or auxiliary facilities or similar systems when necessary to achieve compliance with the conditions of the permit and when required by Department rules.

PERMITTEE:

Ms. Nancy Ciummo
City of Flagler Beach

Permit/Cert Number: 0080281-014-WC
Date of Issue: April 9, 2004
Expiration Date: April 8, 2009
Project: City of Flagler Beach WTP Expansion

GENERAL CONDITIONS:

7. Permittee, by accepting this permit, specifically agrees to allow authorized Department personnel, upon presentation of credentials or other documents as may be required by law and at reasonable times, access to the premises where the permitted activity is located or conducted to:

   a. Have access to and copy any records that must be kept under conditions of the permit;

   b. Inspect the facility, equipment, practices, or operations regulated or required under this permit; and

   c. Sample or monitor any substances or parameters at any location reasonably necessary to assure compliance with this permit or Department rules. Reasonable time may depend on the nature of the concern being investigated.

8. If, for any reason, Permittee does not comply with or will be unable to comply with any condition or limitation specified in this permit, Permittee shall immediately provide the Department with the following information:

   a. A description of and cause of noncompliance; and

   b. The period of noncompliance, including dates and times; or, if not corrected, the anticipated time the noncompliance is expected to continue, and steps being taken to reduce, eliminate, and prevent recurrence of the noncompliance. Permittee shall be responsible for any and all damages which may result and may be subject to enforcement action by the Department for penalties or for revocation of this permit.

9. In accepting this permit, Permittee understands and agrees that all records, notes, monitoring data, and other information relating to the construction or operation of this permitted source which are submitted to the Department may be used by the Department as evidence in any enforcement case involving the permitted source arising under Florida Statutes or Department rules, except where such use is prescribed by Section 403.111 and 403.73, F.S. Such evidence shall only be used to the extent it is consistent with the Florida Rules of Civil Procedure and appropriate evidentiary rules.

PERMITTEE:

Ms. Nancy Ciummo
City of Flagler Beach

Permit/Cert Number: 0080281-014-WC
Date of Issue: April 9, 2004
Expiration Date: April 8, 2009
Project: City of Flagler Beach WTP Expansion

GENERAL CONDITIONS:

10. Permittee agrees to comply with changes in Department rules and Florida Statutes after a reasonable time for compliance; provided, however, Permittee does not waive any other rights granted by Florida Statutes or Department rules. A reasonable time for compliance with a new or amended surface water quality standard, other than those standards addressed in Rule 62-302.500, F.A.C., shall include a reasonable time to obtain or be denied a mixing zone for the new or amended standard.

11. This permit is transferable only upon Department approval in accordance with Rule 62-4.120 and 62-730.300, F.A.C., as applicable. Permittee shall be liable for any noncompliance of the permitted activity until the transfer is approved by the Department.

12. This permit or a copy thereof shall be kept at the work site of the permitted activity.

13. This permit also constitutes:

    ( )Determination of Best Available Control Technology (BACT)

    ( )Determination of Prevention of Significant Deterioration (PSD)

    ( )Certification of compliance with state Water Quality Standards (Section 401, PL 92-500)

    ( )Compliance with New Source Performance Standards

14. Permittee shall comply with the following:

    a. Upon request, Permittee shall furnish all records and plans required under Department rules. During enforcement actions, the retention period for all records will be extended automatically unless otherwise stipulated by the Department.

    b. Permittee shall hold at the facility or other location designated by this permit, records of all monitoring information (including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation) required by the permit, copies of all reports required by this permit, and records of all data used to complete the application for this permit. These materials shall be retained at least three years from the date of the sample, measurement, report, or application unless otherwise specified by Department rule.

GENERAL CONDITIONS:

c. Records of monitoring information shall include:

- the date, exact place, and time of sampling or measurements;
- the person responsible for performing the sampling or measurements;
- the dates analyses were performed;
- the person responsible for performing the analyses;
- the analytical techniques or methods used;
- the results of such analyses.

15. When requested by the Department, Permittee shall within a reasonable time furnish any information required by law which is needed to determine compliance with the permit. If Permittee becomes aware the relevant facts were not submitted or were incorrect in the permit application or in any report to the Department, such facts or information shall be corrected promptly.

PERMITTEE:

Ms. Nancy Ciummo
City of Flagler Beach

Permit/Cert Number: 0080281-014-WC
Date of Issue: April 9, 2004
Expiration Date: April 8, 2009
Project: City of Flagler Beach WTP Expansion

SPECIFIC CONDITIONS:

1. This approval for construction is given with the understanding that, upon the installation of such works, the operation shall be placed under the care of a competent person, whose qualifications are approved by the Department. Operation of the facility shall be carried out according to best accepted practice and in accordance with the requirements of the rules and regulations of the Department. Permittee shall ensure, not only the provision of continuing essential funds for proper operation and maintenance of this project, but also the funds necessary to comply with all regulatory, monitoring, and statutory requirements.

2. Water supply facilities, including mains, shall be installed in accordance with the latest applicable AWWA Standards and Department rules and regulations. The system shall be pressure and leak tested in accordance with AWWA Standard C600 and disinfected in accordance with AWWA Standard C651, as well as, in accordance with Rule 62-555.340, F.A.C.

3. Permittee shall maintain vertical clearance and horizontal separation between water mains and sanitary sewers, storm sewers, etc. unless approved otherwise by the Department, as provided in Rule 62-555.314, F.A.C., and Section 8.6 of *Recommended Standards for Water Works*, a manual adopted by reference in Rule 62-555.330(3), F.A.C.

4. Upon completion of well and water plant construction and prior to placing this project into service, Permittee shall submit, at a minimum, all of the following to the Department for evaluation and approval for operation, as provided in Rules 62-555.340 and 62-555.345, F.A.C.:

   a. the engineer's *Certification of Construction Completion and Request for a Letter of Clearance to Place a Public Drinking Water Facility into Service* {DEP Form 62-555.900(9)};

   b. a copy of the Well Construction Permit obtained from the St. Johns River Water Management District;

   c. a copy of the well driller's completion report including a well log;

   d. 20 satisfactory bacteriological analysis results performed on the raw water to be taken 20 consecutive weekdays, or taken twice a day, 6 hours apart for 10 consecutive weekdays;

   e. satisfactory chemical clearance, to include Primary Inorganic Contaminants, Volatile Organic Contaminants (VOCs), Synthetic Organic Contaminants (SOCs, aka Pesticides and PCBs) (the waiver will be for further quarterly sampling if the initial sampling has no detected results), Secondary Contaminants, Radionuclides (Gross Alpha, radium-226, radium-228 and uranium), alkalinity, dissolved iron, dissolved oxygen, pH, total sulfide, and turbidity results from a certified laboratory.

SPECIFIC CONDITIONS:

f. certified record drawings, if there are any changes noted for the permitted project.

g. two consecutive days of satisfactory bacteriological analytical results.

In order to facilitate the issuance of a letter of clearance, the Department requests that all of the above information be submitted as one package.

5. All PVC piping shall bear the National Sanitation Foundation (NSF) International seal of approval for potable water pipe.

6. All products, including paints, which shall come into contact with potable water, either directly or indirectly, shall conform with American National Standards Institute (ANSI), National Sanitation Foundation (NSF) International, Water Chemicals Codex, Food Chemicals Codex, and American Water Works Association (AWWA) Standards, as provided in Rule 62-555.320(3), F.A.C.

7. Permittee shall ensure that there shall be no cross-connection with any non-potable water source in accordance Rule 62-555.360, F.A.C.

8. Permittee shall install backflow prevention devices in accordance with Rule 62-555.360, F.A.C.; *Recommended Practice for Backflow Prevention and Cross-Connection Control (M-14),* a manual adopted by reference in Rule 62-555.330(6), F.A.C.

9. Permittee shall follow the guidelines of Chapters 62-550, 62-555, and 62-560, F.A.C., regarding public drinking water system standards, monitoring, reporting, permitting, construction, and operation.

10. Permittee shall ensure that valves are provided on water mains so that inconvenience and sanitary hazards will be minimized during repairs. Valves should be located at not more than 500 foot intervals in commercial districts, and at not more than one block or 800 foot intervals in other districts. For areas with widely scattered customers and where future development is not expected, the valve spacing should not exceed one mile. Section 8.2 of *Recommended Standards for Water Works*, a manual adopted by reference in Rule 62-555.330(3), F.A.C.

11. The water treatment facility shall have the capacity and water quality as required by the standards set forth in Chapters 62-550, 62-555, and 62-560, F.A.C. for public water systems.

PERMITTEE:

Ms. Nancy Ciummo
City of Flagler Beach

Permit/Cert Number: 0080281-014-WC
Date of Issue: April 9, 2004
Expiration Date: April 8, 2009
Project: City of Flagler Beach WTP Expansion

SPECIFIC CONDITIONS:

12. This project shall be completed prior to the expiration date of this permit. Otherwise, Permittee shall submit a written request to the Department at least thirty days prior to the expiration date requesting an extension of the permit or Permittee must reapply for a new permit.

13. This permit does not exclude the Permittee from the obligation to obtain all other necessary permits including but not limited to the disposal of the plant concentrate.

14. All land within 100 feet of the new wells are to be owned by the water supplier or controlled by the water supplier by lease agreements, deed restrictions, or other appropriate means.

15. Permittee Shall set aside annually an adequate amount of money in an escrow account for the replacement of the membrane elements at the end of the elements lifespan.

Executed in Jacksonville, Florida.

Issued this 9th day of April, 2004

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

James R Mahu
for

Jerry M. Owen, P. E.
Program Administrator

JMO:EDC:BEAW:DS:ds

Permitting File

Copies furnished to:
Mr. Timothy P. Norman, P.E. - mittauer@bellsouth.net

FILING AND ACKNOWLEDGMENT

FILED, on this date, under Section 120.52(7), *Florida Statutes*, with the designated Department Clerk, receipt of which is hereby acknowledged.

Antonia R. Lomen
Clerk

April 9, 2004
Date

CERTIFICATE OF SERVICE

This is to certify that this NOTICE OF PERMIT and all copies were mailed before the close of business on April 9, 2004 to the listed persons.

St. Johns River
Water Management District
Kirby B. Green III, Executive Director • David W. Fisk, Assistant Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • (386) 329-4500
On the Internet at *www.sjrwmd.com.*

REGULATION OF STORMWATER MANAGEMENT SYSTEMS

CHAPTER 40C-42, F.A.C.

PERMIT NO.: 42-035-90641-2 **DATE ISSUED:** May 21, 2004

A PERMIT AUTHORIZING:

Construction of a Stormwater Management System with stormwater treatment by wet detention for City of Flagler Beach Water Treatment Plant Expansion, a 2.09-acre project to be constructed as per plans received by the District on May 19, 2004.

LOCATION:

Section: 08 Township: 12 South Range: 31 East
Flagler County

RECEIVED
MAY 24 2004
Mittauer & Associates, Inc.

ISSUED TO:

City of Flagler Beach
105 S. Second Street
Flagler Beach, FL 32136

This document shall serve as the formal permit for construction and operation of stormwater management system in accordance with Chapter 40C-42, F.A.C., issued by the staff of the St. Johns River Water Management District on May 21, 2004. This permit is subject to the standard limiting conditions and other special conditions approved by the staff. These conditions are enclosed.

This permit is a legal document and should be kept with your other important records. The permit requires the submittal of an As-built certification and may require submittal of other documents. All information provided in compliance with permit conditions should be submitted to the District office from which the permit was issued. An As-built certification form is attached. Complete this form within 30 days of completion of construction of the permitted system, including all site work.

Upon receipt of the As-built certification, staff will inspect the project site. Once the project is found to be in compliance with all permit requirements, the permit may be converted to its operation phase and responsibility transferred to the operation and maintenance entity in accordance with Chapter 40C-42.028, F.A.C.

Permit issuance does not relieve you from the responsibility for obtaining permits from any federal, state, and/or local agencies asserting concurrent jurisdiction over this work. Please note that if dewatering is to occur during any phase of construction or thereafter and the surface water pump(s), wells, or facilities are capable of withdrawing one million gallons of water per

GOVERNING BOARD
Ometrias D. Long, CHAIRMAN APOPKA; David G. Graham, VICE CHAIRMAN JACKSONVILLE; R. Clay Albright, SECRETARY OCALA; Duane Ottenstroer, TREASURER JACKSONVILLE
W. Michael Branch FERNANDINA BEACH; John G. Sowinski ORLANDO; William Kerr MELBOURNE BEACH; Ann T. Moore BUNNELL; Susan N. Hughes JACKSONVILLE

day or more, or an average of 100,000 gallons per day or more over a year, and any discharge is to be off-site, you must apply for and obtain a Consumptive Use Permit (40C-2) from the District prior to starting the dewatering. Please contact the District if you need additional information or application materials.

Permittee agrees to hold and save the St. Johns River Water Management District and its successors harmless from any and all damages, claims, or liabilities which may arise from permit issuance. Said application, including all plans and specifications attached thereto, is by reference made a part thereof.

This permit does not convey to Permittee any property rights nor any rights or privileges other than those specified herein, nor relieve the Permittee from complying with any law, regulation or requirement affecting the rights of other bodies or agencies. All structures and works installed by Permittee hereunder shall remain the property of the Permittee.

This permit may be revoked, modified, or transferred at any time pursuant to the appropriate provisions of Chapter 373, Florida Statutes.

In the event you sell your property, the permit will be transferred to the new owner, if we are notified by you within thirty days of the sale. Please assist us in this matter so as to maintain a valid permit for the new property owner.

Thank you for your cooperation, and if this office can be of any further assistance to you, please do not hesitate to contact us.

Chou Fang, Ph.D., Supervising Professional Engineer - Palatka
Department of Water Resources

Enclosures: As-built Certification Form
Exhibit A

cc: District Permit File

Consultant: Mittauer & Associates, Inc.
4611-4 US Hwy 17
Orange Park, FL 32003

"EXHIBIT A"
CONDITIONS FOR ISSUANCE OF PERMIT NUMBER 42-035-90641-2
CITY OF FLAGLER BEACH
DATED MAY 21, 2004

1. This permit for construction will expire five years from the date of issuance unless otherwise specified by a special condition of the permit.

2. Permittee must obtain a permit from the District prior to beginning construction of subsequent phases or any other work associated with this project not specifically authorized by this permit.

3. Before any offsite discharge from the stormwater management system occurs, the retention and detention storage must be excavated to rough grade prior to building construction or placement of impervious surface within the area served by those systems. Adequate measures must be taken to prevent siltation of these treatment systems and control structures during construction or siltation must be removed prior to final grading and stabilization.

4. The permittee must maintain a copy of this permit complete with all conditions, attachments, exhibits, and permit modification in good condition at the construction site. The complete permit must be available for review upon request by District representatives. The permittee shall require the contractor to review the complete permit prior to commencement of the activity authorized by this permit.

5. All activities shall be implemented as set forth in the plans, specifications and performance criteria as approved by this permit. Any deviation from the permitted activity and the conditions for undertaking that activity shall be considered a violation of this permit.

6. District authorized staff, upon proper identification, must be granted permission to enter, inspect and observe the system to insure conformity with the plans and specifications approved by the permit.

7. Prior to and during construction, the permittee shall implement and maintain all erosion and sediment control measures (best management practices) required to retain sediment on-site and to prevent violations of state water quality standards. All practices must be in accordance with the guidelines and specifications in chapter 6 of the Florida Land Development Manual: A Guide to Sound Land and Water Management (Florida Department of Environmental Regulation 1988), which are hereby incorporated by reference, unless a project specific erosion and sediment control plan is approved as part of the permit, in which case the practices must be in accordance with the plan. If site specific conditions require additional measures during any phase of construction or operation to prevent erosion or control sediment, beyond those specified in the erosion and sediment control plan, the permittee shall implement additional best management practices as necessary, in accordance with the specification in chapter 6 of the Florida Land Development Manual: A guide to Sound Land and Water Management (Florida Department of Environmental Regulation 1988). The permittee shall correct any erosion or shoaling that causes adverse impacts to the water resources.

8. If the permitted system was designed by a registered professional, within 30 days after completion of the stormwater system, the permittee must submit to the District the following: District Form No. 40C-1.181(13) (As built Certification By a Registered Professional), signed and sealed by an appropriated professional registered in the State of Florida, and two (2) sets of "As Built" drawings when a) required by a special condition of this permit, b) the professional uses "As Built" drawings to support the As Built Certification, or c) when the completed system substantially differs from permitted plans. This submittal will serve to

notify the District staff that the system is ready for inspection and approval.

9. If the permitted system was not designed by a registered professional, within 30 days after completion of the stormwater system, the permittee must submit to the District the following: District Form No. 40C-1.181(14) (As built Certification), signed by the permittee and two (2) sets of "As Built" drawings when required by a special condition of this permit, or when the completed system substantially differs from permitted plans. This submittal will serve to notify the District staff that the system is ready for inspection and approval.

10. Stabilization measures shall be initiated for erosion and sediment control on disturbed areas as soon as practicable in portions of the site where construction activities have temporarily or permanently ceased, but in no case more than seven (7) days before the construction activity in that portion of the site has temporarily or permanently ceased.

11. Should any other regulatory agency require changes to the permitted system, the permittee shall provide written notification to the District of the Changes prior to implementation so that a determination can be made whether a permit modification is required.

12. Within thirty (30) days after sale or conveyance of the permitted stormwater management system or the real property on which the system is located, the owner in whose name the permit was granted shall notify the District of such change of ownership. Transfer of the permit shall be in accordance with the provisions of section 40C-612, F.A.C. All terms and conditions of this permit shall be binding upon the transferee. The permittee transferring the permit shall remain liable for any corrective actions that may be required as a result of any permit violations prior to such sale, conveyance or other transfer.

13. The stormwater management system must be completed in accordance with the permitted plans and permit conditions prior to the initiation of the permitted use of site infrastructure. The system must be completed in accordance with the permitted plans and permit conditions prior to transfer of responsibility for operation and maintenance of the stormwater management system to a local government or other responsible entity.

14. The operation phase of the permit shall not become effective until the requirements of Condition No. 8 or 9 have been met, the district determines that the system complies with the permitted plans, and the entity approved by the District in accordance with section 40C-42.027, F.A.C., accepts responsibility for operation and maintenance of the system. The permit cannot be transferred to such an approved, responsible operation and maintenance entity until the requirements of section 40C-42.028, F.A.C., are met, and the operation phase of the permit becomes effective. Following inspection and approval of the permitted system by the District in accordance with section 40C-42.028, F.A.C., the permittee shall request transfer of the permit to the responsible approved operation and maintenance entity, if different from the permittee. Until the permit is transferred pursuant to subsection 40C-42.028 (4) F.A.C., the permittee shall be liable for compliance with the terms of the permit.

15. Prior to lot or unit sales, or upon completion of construction of the system, whichever occurs first, the District must receive the final operation and maintenance document(s) approved by the District and recorded, if the latter is appropriate. For those systems which are proposed to be maintained by county or municipal entities, final operation and maintenance documents must be received by the District when maintenance and operation of the system is accepted by the local government entity, Failure to submit the appropriate final document will result in the permittee remaining personally liable for carrying out maintenance and operation of the permitted system.

16. This permit does not eliminate the necessity to obtain any required federal, state, local and special district authorizations prior to the start of any activity approved by this permit. This permit does not convey to the permittee or create in the permittee any property right, or any

interest in real property, nor does it authorize any entrance upon or activities on property which is not owned or controlled by the permittee, or convey any rights or privileges other than those specified in the permit and Chapter 40C-42.028, F.A.C.

17. The permittee shall hold and save the District harmless from any and all damages, claims, or liabilities which may arise by reason of the activities authorized by the permit or any use of the permitted system.

18. The permittee shall immediately notify the District in writing of any previously submitted information that is later discovered to be inaccurate.

19. Activities approved by this permit shall be conducted in a manner which do not cause violations of state water quality standards.

20. All wetland areas or water bodies that are outside the specific limits of construction authorized by this permit must be protected from erosion, siltation, scouring or excess turbidity, and dewatering.

21. Prior to construction, the permittee must clearly designate the limits of construction on-site. The permittee must advise the contractor that any work outside the limits of construction, including clearing, may be a violation of this permit.

22. The stormwater management system shall be inspected by the operation and maintenance entity once within two years after the completion of construction and every two years thereafter to insure that the system is functioning as designed and permitted. If a required inspection reveals that the system is not functioning as designed and permitted, then within 14 days of that inspection the entity shall submit an Exceptions Report on form number 40C-42.900(6), Exceptions Report for Stormwater Management Systems Out of Compliance. The operation and maintenance entity must maintain a record of each required inspection, including the date of the inspection, the name, address, and telephone number of the inspector, and whether the system was functioning as designed and permitted, and make such record available for inspection upon request by the District during normal business hours.

Notice Of Rights

1. A person whose substantial interests are or may be determined has the right to request an administrative hearing by filing a written petition with the St. Johns River Water Management District (District), or may choose to pursue mediation as an alternative remedy under Sections 120.569 and 120.573, Florida Statutes, before the deadline for filing a petition. Choosing mediation will not adversely affect the rights to a hearing if mediation does not result in a settlement. The procedures for pursuing mediation are set forth in Sections120.569 and 120.57, Florida Statutes, and Rules 28-106.111 and 28-106.401-.405, Florida Administrative Code. Pursuant to Chapter 28-106 and Rule 40C-1.1007, Florida Administrative Code, the petition must be filed at the office of the District Clerk at District Headquarters, P. O. Box 1429, Palatka, Florida 32178-1429 (4049 Reid St., Palatka, FL 32177) within twenty-six (26) days of the District depositing notice of District decision in the mail (for those persons to whom the District mails actual notice) or within twenty-one (21) days of newspaper publication of the notice of District decision (for those persons to whom the District does not mail actual notice). A petition must comply with Chapter 28-106, Florida Administrative Code.

2. If the Governing Board takes action which substantially differs from the notice of District decision, a person whose substantial interests are or may be determined has the right to request an administrative hearing or may choose to pursue mediation as an alternative remedy as described above. Pursuant to District Rule 40C-1.1007, Florida Administrative Code, the petition must be filed at the office of the District Clerk at the address described above, within twenty-six (26) days of the District depositing notice of final District decision in the mail (for those persons to whom the District mails actual notice) or within twenty-one (21) days of newspaper publication of the notice of its final agency action (for those persons to whom the District does not mail actual notice). Such a petition must comply with Rule Chapter 28-106, Florida Administrative Code.

3. A substantially interested person has the right to a formal administrative hearing pursuant to Section 120.569 and 120.57(1), Florida Statutes, where there is a dispute between the District and the party regarding an issue of material fact. A petition for formal must comply with the requirements set forth in Rule 28-106.201, Florida Administrative Code.

4. A substantially interested person has the right to an informal hearing pursuant to Sections 120.569 and 120.57(2), Florida Statutes, where no material facts are in dispute. A petition for an informal hearing must comply with the requirements set forth in Rule 28-106.301, Florida Administrative Code.

5. A petition for an administrative hearing is deemed filed upon delivery of the petition to the District Clerk at the District headquarters in Palatka, Florida.

6. Failure to file a petition for an administrative hearing, within the requisite time frame shall constitute a waiver of the right to an administrative hearing (Section 28-106.111, Florida Administrative Code).

7. The right to an administrative hearing and the relevant procedures to be followed are governed by Chapter 120, Florida Statutes, and Chapter 28-106, Florida Administrative Code and Section 40C-1.1007, Florida Administrative Code.

Notice Of Rights

8. An applicant with a legal or equitable interest in real property who believes that a District permitting action is unreasonable or will unfairly burden the use of his property, has the right to, within 30 days of receipt of notice of the District's written decision regarding a permit application, apply for a special master proceeding under Section 70.51, Florida Statutes, by filing a written request for relief at the office of the District Clerk located at District headquarters, P. O. Box 1429, Palatka, FL 32178-1429 (4049 Reid St., Palatka, Florida 32177). A request for relief must contain the information listed in Subsection 70.51(6), Florida Statutes.

9. A timely filed request for relief under Section 70.51, Florida Statutes, tolls the time to request an administrative hearing under paragraph no. 1 or 2 above (Paragraph 70.51(10)(b), Florida Statutes). However, the filing of a request for an administrative hearing under paragraph no. 1 or 2 above waives the right to a special master proceeding (Subsection 70.51(10)(b), Florida Statutes).

10. Failure to file a request for relief within the requisite time frame shall constitute a waiver of the right to a special master proceeding (Subsection 70.51(3), Florida Statutes).

11. Any substantially affected person who claims that final action of the District constitutes an unconstitutional taking of property without just compensation may seek review of the action in circuit court pursuant to Section 373.617, Florida Statutes, and the Florida Rules of Civil Procedures, by filing an action in circuit court within 90 days of the rendering of the final District action, (Section 373.617, Florida Statutes).

12. Pursuant to Section 120.68, Florida Statutes, a person who is adversely affected by final District action may seek review of the action in the District Court of Appeal by filing a notice of appeal pursuant to the Florida Rules of Appellate Procedure within 30 days of the rendering of the final District action.

13. A party to the proceeding before the District who claims that a District order is inconsistent with the provisions and purposes of Chapter 373, Florida Statutes, may seek review of the order pursuant to Section 373.114, Florida Statutes, by the Florida Land and Water Adjudicatory Commission, by filing a request for review with the Commission and serving a copy on the Department of Environmental Protection and any person named in the order within 20 days of adoption of a rule or the rendering of the District order.

14. For appeals to the District Court of Appeal, a District action is considered rendered after it is signed on behalf of the District, and is filed by the District Clerk.

15. Failure to observe the relevant time frames for filing a petition for judicial review described in paragraphs #11 and #12, or for Commission review as described in paragraph #13, will result in waiver of that right to review.

Notice Of Rights

Certificate of Service

I HEREBY CERTIFY that a copy of the foregoing Notice of Rights has been sent by U.S. Mail to:

City of Flagler Beach
Attn: Nancy Ciummo
105 S. Second Street
Flagler Beach, FL 32136

At 4:00 p.m. this 21st day of May, 2004.

Gloria Lewis

Division of Permit Data Services
Gloria Lewis, Director

St. Johns River Water Management District
Post Office Box 1429
Palatka, FL 32178-1429
(386) 329-4152

Permit Number: 42-035-90641-2

Attachment 04
Legal Opinion of Availability of Pledged Revenues

SHEPARD SMITH HAND & BRACKINS

February 26, 2026

Ms. Angela Knecht
Program Administrator
State Revolving Fund Management
3900 Commonwealth Blvd., Mail Station 3505
Tallahassee, Florida 32399-3000

Re: WW18014 – City of Flagler Beach, Florida
SAHM Lift Station Hardening Improvements

Dear Ms. Knecht:

I am the duly appointed City Attorney for the City of Flagler Beach. The City proposes to borrow $ 19,166,500, with 50% of the amount expected to be principal forgiveness, depending on eligibility, from the State Revolving Fund for the construction of the City's wastewater treatment facilities. The loan will be secured by the revenues of the City's water and sewer system and the pledged revenues are legally available to pledge. The City of Flagler Beach has the legal authority to increase rates to ensure repayment of the loan.

The pledge on revenues is subject to two prior SRF Loans:

1) CW180130 and
2) DW180101

Sincerely,

D. Andrew Smith, III
City Attorney

407.622.1772 shepardfirm.com 2300 Maitland Center Pkwy, Ste 100 Maitland, FL 32751

Attachment 05
Authorizing Resolution

RESOLUTION NO. 2026-18

A RESOLUTION OF CITY OF *FLAGLER BEACH*, FLORIDA, RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION; AUTHORIZING THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCES; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.

WHEREAS, Florida Statutes provide for loans to local government agencies to finance the construction of wastewater treatment facilities; and

WHEREAS, Florida Administrative Code rules require authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the State Revolving Fund loan priority list designates Project No. WW*18014* as eligible for available funding; and

WHEREAS; the City of Flagler Beach, Florida, intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, AS FOLLOWS:

SECTION I. The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION II. The City of Flagler Beach, Florida, is authorized to apply for a loan to finance the Project.

SECTION III. The revenues pledged for the repayment of the loan are water and sewer system revenues after payment of debt service on the City's prior issued State Revolving Fund Loans: CW180130 and DW180101.

SECTION IV. The City Manager is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

SECTION V. The Mayor is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The Mayor is authorized to represent the City in carrying out the City's responsibilities under the loan agreement. The *Mayor* is authorized to delegate responsibility to

appropriate City staff to carry out technical, financial, and administrative activities associated with the loan agreement.

SECTION VI. The legal authority for borrowing moneys to construct this Project is Section 403.1835, Florida Statutes.

SECTION VII. All resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION VIII. If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force, or effect of any other section or part of this Resolution.

SECTION IX. This Resolution shall become effective immediately upon its passage and adoption.

PASSED and ADOPTED this _____ Day of _____, 2026.

ATTEST

_____
City Clerk

APPROVED AS TO FORM AND LEGALITY

_____
City Attorney

_____
Mayor

Attachment 06
FY23 Audited Financial Report

CITY OF FLAGLER BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

CITY OF FLAGLER BEACH, FLORIDA
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Flagler Beach, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flagler Beach, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these 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 Statement

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 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
June 13, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Flagler Beach, Florida (hereinafter referred to as the "City") offers the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2023. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The City encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The total assets of the City exceeded its liabilities at the close of the most recent fiscal year by $64,405,846 (net position). Of this amount, $15,743,027 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,016,179 in fiscal year 2023. Net position of the City's governmental activities increased (decreased) by $857,530, while net position of its business type activities increased (decreased) by $4,158,649.

- The City's governmental funds reported a combined ending fund balance of $9,802,524 at the end of the current fiscal year, which increased (decreased) by $1,004,292 in comparison to the $8,798,232 reported at the end of the prior fiscal year. Of this amount, $4,934,456 is available for spending at the City's discretion (unassigned fund balance).

- At the end of the 2023 fiscal year, unassigned fund balance for the General Fund was $4,934,456 or 51% of the total fiscal year 2023 General Fund expenditures of $9,703,999.

- The City's total long-term debt obligations decreased approximately $623,000 during the fiscal year, due to standard payments on long-term debt. The City's combined long-term commitment for compensated absences totaled $385,217 at year-end.

Overview of the Financial Statements

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

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

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

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

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

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

Government-Wide Financial Statements

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

- A statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of its fiscal year, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.

- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government services, public safety (police, fire, and building inspection), roads and streets, physical environment (Community Redevelopment Agency), and culture and recreation. The business-type activities of the City include its water and sewer utility, stormwater utility, sanitation, and pier activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 14 and 16.

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and community redevelopment fund both of which are considered to be major funds.

Proprietary Funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The City's enterprise funds (water and sewer utility, stormwater utility, pier, and sanitation) are the items included in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data. The basic proprietary fund financial statements can be found on pages 17 to 19 of this report.

Fiduciary Funds. Funds held in trust on behalf of the City's defined benefit pension plans, which account for the plan contribution activity, investment income, and benefit payments to retirees. The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's combined total assets exceeded liabilities (net position) by $64,405,846 at the end of 2023, compared to $59,389,667 at the end of 2022. This represents a total increase of $5,016,179 or 8% from the amount reported at the end of the prior fiscal year.

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

Net Position
September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	$ 11,890,484	$ 11,511,841	$ 16,740,943	$ 14,081,549	$ 28,631,427	$ 25,593,390
Net pension asset	47,284	979,451	-	-	47,284	979,451
Capital and lease assets	10,406,882	9,839,878	32,751,656	31,749,719	43,158,538	41,589,597
Total assets	$ 22,344,650	$ 22,331,170	$ 49,492,599	$ 45,831,268	$ 71,837,249	$ 68,162,438
DEFERRED OUTFLOWS	$ 2,029,019	$ 950,299	$ 5,842	$ 6,563	$ 2,034,861	$ 956,862
LIABILITIES						
Current liabilities	$ 2,222,899	$ 2,834,281	$ 1,526,239	$ 1,394,046	$ 3,749,138	$ 4,228,327
Noncurrent liabilities:	2,564,806	863,497	2,755,856	3,341,150	5,320,662	4,204,647
Total liabilities	$ 4,787,705	$ 3,697,778	$ 4,282,095	$ 4,735,196	$ 9,069,800	$ 8,432,974
DEFERRED INFLOWS	$ 216,712	$ 1,071,969	$ 179,752	$ 224,690	$ 396,464	$ 1,296,659
NET POSITION						
Net investment in capital assets	$ 9,758,623	$ 9,248,082	$ 29,365,671	$ 27,916,346	$ 39,124,294	$ 37,164,428
Restricted	3,600,147	3,113,189	5,938,378	4,557,018	9,538,525	7,670,207
Unrestricted	6,010,482	6,150,451	9,732,545	8,404,581	15,743,027	14,555,032
Total net position	$ 19,369,252	$ 18,511,722	$ 45,036,594	$ 40,877,945	$ 64,405,846	$ 59,389,667

The most significant component of the City's net position (approximately 61%) is, by far, its investment in capital assets (land, infrastructure, buildings, and equipment), less any related debt used to acquire or construct those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (15%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 24% of unrestricted net position, represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and totaled $9,538,525 at year-end, compared to $7,670,207 in 2022. The main reason for the increase from prior year is related to increases in charges for services revenue and an increase in grant revenues which has been offset by increased related expenses.

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2023, total revenues were $22,724,869 compared to $17,570,081 in the prior year. Approximately 23% of the City's revenue came from property taxes, 10% from other taxes and fees, 41% came from fees charged for services, and most of the remaining revenue included state and federal financial assistance and other miscellaneous revenues.

During 2023, expenses were $17,708,690 as opposed to $13,367,640 in the prior year, for an increase of approximately 33%. Governmental Funds experienced an increase of approximately $1,000,000 in total expenditures for the year, primarily due to increases in Public Safety services for our residents, utilization of the ARPA funding, increased insurance costs, grant funded relating projects, hurricane related expenses and overall increases on goods and services. Business Type Funds experienced an increase of approximately $2,000,000 in total expenditures for the year. The City had several large Utility Projects in process in 2023, notably a well construction, wrap up of the water system rehab project, replacement project for manhole rings and covers as well as hurricane related expenses.

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

Changes in Net Position
For the Fiscal Years Ended September 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Property taxes	$ 5,411,348	$ 4,665,014	$ -	$ -	$ 5,411,348	$ 4,665,014
Other taxes and fees	2,240,690	1,998,724	-	-	2,240,690	1,998,724
Charges for services	1,202,175	771,418	8,346,743	7,663,006	9,548,918	8,434,424
Intergovernmental and grants	1,572,438	1,285,235	2,007,885	1,151,361	3,580,323	2,436,596
Other revenues	853,732	98,515	1,089,858	(63,192)	1,943,590	35,323
Total revenues	11,280,383	8,818,906	11,444,486	8,751,175	22,724,869	17,570,081
EXPENSES						
General government	3,871,399	2,865,100	-	-	3,871,399	2,865,100
Public safety	5,330,104	3,612,124	-	-	5,330,104	3,612,124
Roads and streets	374,089	174,886	-	-	374,089	174,886
Physical environment - CRA	259,577	153,834	-	-	259,577	153,834
Culture and recreation	575,692	505,256	-	-	575,692	505,256
Water and sewer	-	-	4,457,536	3,581,464	4,457,536	3,581,464
Stormwater	-	-	1,861,103	1,474,016	1,861,103	1,474,016
Sanitation	-	-	367,546	297,531	367,546	297,531
Pier	-	-	524,239	592,753	524,239	592,753
Interest expense	11,992	13,653	75,413	97,023	87,405	110,676
Total expenses	10,422,853	7,324,853	7,285,837	6,042,787	17,708,690	13,367,640
Change in net position	857,530	1,494,053	4,158,649	2,708,388	5,016,179	4,202,441
Net position, beginning of year, as restated	18,511,722	17,017,669	40,877,945	38,169,557	59,389,667	55,187,226
Net position, end of year	$ 19,369,252	$ 18,511,722	$ 45,036,594	$ 40,877,945	$ 64,405,846	$ 59,389,667

Governmental Activities

Revenues for the City's governmental activities totaled $11,280,383 in 2023. This represents an increase of $2,461,477 more than last year's reported revenues of $8,818,906 and is primarily related to the receipt of ARPA funding.

Governmental activities expenses totaled $10,422,853, which increased about $3,100,000 from the prior year due to the utilization of ARPA funds, hurricane and grant related expenses as well as public service expenses.

Business-Type Activities

The major source of operating revenues for the City's business-type activities is charges for services (water and sewer, stormwater, sanitation, and pier), which during the year increased to a total of about $674,000 more than the charges for services of $7,663,006 in 2022.

Total operating expenses of the proprietary funds fund in 2023 and totaled $7,210,424, compared to $5,945,764 in 2022, an increase of $1,264,660, primarily due to 2022 increased Capital and hurricane related projects in Utilities and Stormwater Funds.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the City completed the year, its governmental funds reported a combined fund balance of $9,802,524, which was an increase (decrease) of $1,004,292 compared with the amount reported last year. This was primarily due to revenues and expenses being comparable in 2023.

The general fund is the chief operating fund of the City. As of September 30, 2023, the unassigned fund balance in the general fund totaled $4,799,456. This unassigned fund balance represents approximately 51% of the City's spending requirements experienced during 2023.

The City's community redevelopment fund had a fund balance of $441,197 at the end of the year, a decrease of about $106,000 from the prior year. All amount held in this fund are restricted for reinvestment in the community redevelopment district.

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

Charges for services in the proprietary funds increased about $674,000 from the prior year due to rate increases.

General Fund Budgetary Highlights

The tax revenues brought in about $533,000 more than originally budgeted, and intergovernmental revenues brought in about $420,000 less than originally budgeted. Tax revenues increased due to collection of additional Ad Valorem taxes collected above the 96% budgeted as well as the increased receipt of Infra Structure Surtax, FPL franchise and service tax. Intergovernmental revenue included less ARPA funds than budgeted, due to unspent ARPA being recorded as unearned revenue.

All of these factors combined resulted in $1,109,757 increase (decrease) to General Fund Balance for Fiscal Year 2023.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2023, the City had nearly $42 million invested in a broad range of capital assets, including land, buildings, park facilities, police equipment, public works equipment and water lines. See Note (6) for further information on the City's capital assets.

Long-Term Debt. The City has various notes and bonds payable totaling $3,432,061 at year-end, compared to $4,052,705 one year earlier. The proceeds of these loans, which were drawn in increments over various preceding years, were to fund utility projects as well as refund prior bonds and notes payable. Under these agreements, the City must repay these loans with semiannual payments.

More detailed information about the City's long-term debt is presented in Note (8) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- Property values continue to increase slightly; this was considered by the City Commission with the adopted rate of 5.450. The rollback rate was 5.0712.

- Flagler Beach's economy normally thrives on tourism; however, new development construction projects to include hotel construction, reconstruction of the pier, beach dune walk and renourishment projects are creating a decrease in tourism.

- Development on the John Anderson Corridor and Roberts Road, which is located in unincorporated Flagler County is underway, the City plans to provide water and sewer to this area per an Inter-local Agreement with Flagler County. Commercial and residential development within The City continues to increase which has been reflected in our revenues.

In summary, the City's financial position is experiencing an influx of new growth so, the economic and financial condition of the city remains strong and continues to get stronger due to grants, increased governmental revenues and charges for services delivered.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City of Flagler Beach, Finance Department Director, 105 South Second Street, Flagler Beach, FL 32136. Information can also be obtained at the City's website at www.cityofflaglerbeach.com.

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 10,137,071	$ 9,481,577	$ 19,618,648
Receivables, net	502,522	1,161,503	1,664,025
Internal balances	701,715	(701,715)	-
Due from other governments	530,164	611,613	1,141,777
Lease receivable	-	190,777	190,777
Prepaids	19,012	58,511	77,523
Restricted assets:			
Cash and cash equivalents	-	514,381	514,381
Investments	-	5,317,653	5,317,653
Special assessments receivable	-	106,643	106,643
Net pension assets	47,284	-	47,284
Capital assets:			
Capital assets, not being depreciated	2,601,023	5,414,792	8,015,815
Other capital assets, net of depreciation and amortization	7,805,859	27,336,864	35,142,723
Total assets	22,344,650	49,492,599	71,837,249
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,018,340	-	2,018,340
Deferred outflows related to OPEB	10,679	5,842	16,521
Total deferred outflows	2,029,019	5,842	2,034,861
LIABILITIES			
Accounts payable and accrued liabilities	854,767	783,107	1,637,874
Customer deposits	1,001	213,974	214,975
Unearned revenue	1,232,192	-	1,232,192
Accrued interest payable	-	299	299
Noncurrent liabilities:			
Due within one year:			
Notes payable	-	471,032	471,032
Lease liability	-	2,568	2,568
Compensated absences	134,939	55,259	190,198
Due in more than one year:			
Notes payable	411,000	2,550,029	2,961,029
Lease liability	-	8,182	8,182
Compensated absences	145,607	49,412	195,019
Total OPEB liability	270,962	148,233	419,195
Net pension liability	1,737,237	-	1,737,237
Total liabilities	4,787,705	4,282,095	9,069,800
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	216,712	-	216,712
Deferred inflows related to leases	-	179,752	179,752
Total deferred inflows of resources	216,712	179,752	396,464
NET POSITION			
Net investment in capital assets	9,758,623	29,365,671	39,124,294
Restricted for:			
Infrastructure	1,823,577	5,424,296	7,247,873
Pensions	636,551	-	636,551
Law enforcement	2,179	-	2,179
Building department	696,643		696,643
Community redevelopment	441,197	-	441,197
Debt service	-	514,082	514,082
Unrestricted	6,010,482	9,732,545	15,743,027
Total net position	$ 19,369,252	$ 45,036,594	$ 64,405,846

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 3,871,399	$ 192,542	$ 428,981	$ 565,173	$ (2,684,703)	$ -	$ (2,684,703)
Public safety	5,330,104	979,339	187,491	-	(4,163,274)	-	(4,163,274)
Physical environment - CRA	259,577	-	-	-	(259,577)	-	(259,577)
Roads and streets	374,089	-	223,288	-	(150,801)	-	(150,801)
Culture and recreation	575,692	30,294	-	-	(545,398)	-	(545,398)
Interest on long-term debt	11,992	-	-	-	(11,992)	-	(11,992)
Total governmental activities	10,422,853	1,202,175	839,760	565,173	(7,815,745)	-	(7,815,745)
Business-type activities:							
Water and sewer	4,512,930	6,111,363	-	1,031,935	-	2,630,368	2,630,368
Sanitation	1,861,865	1,546,376	-	135,874	-	(179,615)	(179,615)
Stormwater	386,470	749,325	-	47,813	-	410,668	410,668
Pier	524,572	651,958	-	792,263	-	919,649	919,649
Total business-type activities	7,285,837	9,059,022	-	2,007,885	-	3,781,070	3,781,070
Total primary government	$ 17,708,690	$ 10,261,197	$ 839,760	$ 2,573,058	(7,815,745)	3,781,070	(4,034,675)
General revenues:							
Property taxes					5,411,348	-	5,411,348
Sales taxes					247,665	-	247,665
Infrastructure surtax					277,648	-	277,648
Communications service tax					195,809	-	195,809
Casualty and fire insurance premium taxes					166,570		166,570
Public service taxes					925,586	-	925,586
Franchise fees					427,412	-	427,412
State revenue sharing					167,505	-	167,505
Investment earnings (loss)					357,627	359,549	717,176
Miscellaneous revenues					491,980	18,030	510,010
Gain on sale of capital assets					4,125	-	4,125
Total general revenues and transfers					8,673,275	377,579	9,050,854
Change in net position					857,530	4,158,649	5,016,179
Net position - beginning of year					18,511,722	40,877,945	59,389,667
Net position - ending of year					$ 19,369,252	$ 45,036,594	$ 64,405,846

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

CITY OF FLAGLER BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General	Community Redevelopment	Total Governmental Funds
ASSETS			
Cash and investments	$ 9,670,074	$ 466,997	$ 10,137,071
Receivables, net	502,522	-	502,522
Due from other governments	530,036	128	530,164
Due from other funds	13,672	-	13,672
Prepaid items	17,627	1,385	19,012
Advances to other funds	688,043	-	688,043
Total assets	$ 11,421,974	$ 468,510	$ 11,890,484
LIABILITIES			
Accounts payable and accrued liabilities	$ 827,454	$ 27,313	$ 854,767
Customer deposits	1,001	-	1,001
Unearned revenue	1,232,192	-	1,232,192
Total liabilities	2,060,647	27,313	2,087,960
FUND BALANCES			
Nonspendable:			
Prepaid items	17,627	1,385	19,012
Advances to other funds	688,043	-	688,043
Restricted for:			
Law enforcement	2,179	-	2,179
Building department	696,643	-	696,643
Infrastructure - capital assets	1,742,149	-	1,742,149
Community redevelopment projects	-	439,812	439,812
Assigned to:			
Beach related purchases	4,558	-	4,558
Park improvements	25,000	-	25,000
Land purchases	26,502	-	26,502
City-wide cameras	50,000	-	50,000
Dune protection	60,000	-	60,000
Street lighting	68,112	-	68,112
Fire truck	81,428	-	81,428
Police and fire radios	90,000	-	90,000
Fire equipment	90,247	-	90,247
Paving	107,910	-	107,910
Subsequent year's budget	811,473	-	811,473
Unassigned	4,799,456	-	4,799,456
Total fund balances	9,361,327	441,197	9,802,524
Total liabilities and fund balances	$ 11,421,974	$ 468,510	$ 11,890,484

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

CITY OF FLAGLER BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund balances - total governmental funds		$ 9,802,524
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	21,648,556	
Less: accumulated depreciation	(11,241,674)	10,406,882
On the governmental fund statements, a net pension asset (liability) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension asset (liability) of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension asset	47,284	
Deferred outflows related to pensions	2,018,340	
Deferred inflows related to pensions	(216,712)	111,675
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows related to OPEB are also reported.		
Total OPEB liability	(270,962)	
Deferred outflows related to OPEB	10,679	(260,283)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(411,000)	
Compensated absences	(280,546)	(691,546)
Net position of governmental activities		$ 19,369,252

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General	Community Redevelopment	Total Governmental Funds
Revenues			
Taxes	$ 6,591,790	$ 466,266	$ 7,058,056
Permits and fees	1,524,713	-	1,524,713
Intergovernmental	1,738,880	128	1,739,008
Charges for services	23,510	-	23,510
Fines and forfeitures	83,138	-	83,138
Investment income (loss)	357,627	-	357,627
Miscellaneous	465,663	-	465,663
Total revenues	10,785,321	466,394	11,251,715
Expenditures			
Current:			
General government	3,255,476	-	3,255,476
Public safety	4,300,595	-	4,300,595
Roads and streets	349,995	-	349,995
Physical environment	-	259,577	259,577
Culture and recreation	479,886	-	479,886
Capital outlay	1,318,047	237,290	1,555,337
Debt service:			
Principal retirement	-	63,000	63,000
Interest and fiscal charges	-	11,992	11,992
Total expenditures	9,703,999	571,859	10,275,858
Excess (deficiency) of revenues over expenditures	1,081,322	(105,465)	975,857
Other financing sources (uses)			
Sale of capital assets	28,435	-	28,435
Total other financing sources (uses)	28,435	-	28,435
Net change in fund balances	1,109,757	(105,465)	1,004,292
Fund balances, beginning of year	8,251,570	546,662	8,798,232
Fund balances, end of year	$ 9,361,327	$ 441,197	$ 9,802,524

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

CITY OF FLAGLER 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, 2023

Net change in fund balances - total governmental funds	$	1,004,292
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		1,555,337
Depreciation expense		(988,333)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt and lease liabilities		63,000
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.		
Change in net pension asset/liability and deferred inflows/outflows related to pensions		(735,363)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:		
Change in compensated absences liability		(79,937)
Change in total OPEB liability and deferred outflows related to OPEB		38,534
Change in net position of governmental activities	$	857,530

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Sanitation	Stormwater	Pier	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 4,534,071	$ 34,264	$ 764,112	$ 13,812	$ 5,346,259
Investments	3,103,893	923,203	108,222	-	4,135,318
Accounts receivable, net	908,262	160,859	71,454	20,928	1,161,503
Due from other governments	169,210	572	47,812	394,019	611,613
Leases receivable	-	-	-	190,777	190,777
Prepaid items	4,587	1,826	-	52,098	58,511
Due from other funds	-	67,640	34,051	-	101,691
Restricted current assets					
Cash and cash equivalents	514,082	-	-	299	514,381
Total current assets	9,234,105	1,188,364	1,025,651	671,933	12,120,053
Noncurrent assets:					
Restricted cash and investments	5,317,653	-	-	-	5,317,653
Special assessments receivable - restricted	106,643	-	-	-	106,643
Capital assets:					
Capital assets, not being depreciated	2,783,011	-	1,866,856	764,925.00	5,414,792
Other capital assets, net of depreciation and amortization	20,737,525	870,530	4,312,625	1,416,184	27,336,864
Total noncurrent assets	28,944,832	870,530	6,179,481	2,181,109	38,175,952
Total assets	38,178,937	2,058,894	7,205,132	2,853,042	50,296,005
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to OPEB	3,742	1,567	533	-	5,842
Total deferred outflows of resources	3,742	1,567	533	-	5,842
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	336,749	255,886	7,786	182,686	783,107
Deposits	204,974	-	-	9,000	213,974
Due to other funds	115,363	-	-	-	115,363
Compensated absences	42,394	10,626	2,239	-	55,259
Payable from restricted assets:					
Current maturities of lease liability	-	-	-	2,568	2,568
Current maturities on long-term debt	471,032	-	-	-	471,032
Accrued interest payable	-	-	-	299	299
Total current liabilities	1,170,512	266,512	10,025	194,553	1,641,602
Noncurrent liabilities:					
Notes payable	1,900,029	-	650,000	-	2,550,029
Lease liability	-	-	-	8,182	8,182
Advances from other funds	-	-	-	688,043	688,043
Compensated absences	34,462	9,331	5,619	-	49,412
Total OPEB liability	94,950	39,748	13,535	-	148,233
Total noncurrent liabilities	2,029,441	49,079	669,154	696,225	3,443,899
Total liabilities	3,199,953	315,591	679,179	890,778	5,085,501
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	-	-	-	179,752	179,752
Total deferred inflows of resources	-	-	-	179,752	179,752
NET POSITION					
Net investment in capital assets	20,972,298	870,530	5,529,481	1,993,362	29,365,671
Restricted for debt service	514,082	-	-	-	514,082
Restricted for capital expansion	5,424,296	-	-	-	5,424,296
Unrestricted	8,072,050	874,340	997,005	(210,850)	9,732,545
Total net position	$ 34,982,726	$ 1,744,870	$ 6,526,486	$ 1,782,512	$ 45,036,594

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds				
	Water & Sewer	**Sanitation**	**Stormwater**	**Pier**	**Total**
Operating revenues					
Charges for services	$ 5,915,925	$ 1,521,485	$ 742,951	$ 166,382	$ 8,346,743
Other revenues	195,438	24,891	6,374	485,576	712,279
Total operating revenues	6,111,363	1,546,376	749,325	651,958	9,059,022
Operating expenses					
Personal services	1,647,415	639,135	147,390	91,783	2,525,723
Operating expenses	1,732,276	1,057,253	71,132	300,127	3,160,788
Depreciation and amortization	1,077,845	164,715	149,024	132,329	1,523,913
Total operating expenses	4,457,536	1,861,103	367,546	524,239	7,210,424
Operating income (loss)	1,653,827	(314,727)	381,779	127,719	1,848,598
Nonoperating revenues (expenses)					
Investment earnings (loss)	309,669	44,031	5,849	-	359,549
Gain (loss) on disposition of capital assets	2,100	15,930	-	-	18,030
Interest expense	(55,394)	(762)	(18,924)	(333)	(75,413)
Total nonoperating revenues (expenses)	256,375	59,199	(13,075)	(333)	302,166
Income (loss) before contributions and transfers	1,910,202	(255,528)	368,704	127,386	2,150,764
Capital contributions	441,654	-	-	-	441,654
Capital grants	590,281	135,874	47,813	792,263	1,566,231
Change in net position	2,942,137	(119,654)	416,517	919,649	4,158,649
Net position, beginning of year	32,040,589	1,864,524	6,109,969	862,863	40,877,945
Net position, end of year	$ 34,982,726	$ 1,744,870	$ 6,526,486	$ 1,782,512	$ 45,036,594

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Sanitation	Stormwater	Pier	Total
Cash flows from operating activities					
Cash received from customers	$ 5,892,948	$ 1,522,578	$ 682,450	$ 260,939	$ 8,358,915
Cash paid to employees	(1,672,729)	(628,688)	(135,316)	(101,397)	(2,538,130)
Cash paid to suppliers	(1,726,248)	(978,197)	(77,382)	(287,043)	(3,068,870)
Net cash provided by (used in) operating activities	2,493,971	(84,307)	469,752	(127,501)	2,751,915
Cash flows from noncapital financing activities					
Intergovernmental grant proceeds	590,281	135,874	47,813	792,263	1,566,231
Interfund loans	117,843	(23,423)	(10,689)	228,458	312,189
Net cash provided by (used in) noncapital financing activities	708,124	112,451	37,124	1,020,721	1,878,420
Cash flows from capital and related financing activities					
Impact fees	441,654	-	-	-	441,654
Acquisition and construction of capital assets	(947,558)	(210,116)	(295,429)	(1,072,747)	(2,525,850)
Proceeds from sale of capital assets	2,100	15,930	-	-	18,030
Principal payments of long-term debt	(682,622)	-	(99,000)	-	(781,622)
Proceeds from issuance of long-term debt	223,978	-	-	-	223,978
Payments on lease liability	-	-	-	(2,492)	(2,492)
Interest paid	(55,394)	(2,506)	(18,924)	(403)	(77,227)
Net cash provided by (used in) capital and related financing activities	(1,017,842)	(196,692)	(413,353)	(1,075,642)	(2,703,529)
Cash flows from investing activities					
Interest received (loss)	309,669	44,031	5,849	-	359,549
Purchases of investments	(1,031,980)	-	(5,071)	-	(1,037,051)
Sales of investments	-	157,037	-	-	157,037
Net cash provided by (used in) investing activities	(722,311)	201,068	778	-	(520,465)
Net change in cash and cash equivalents	1,461,942	32,520	94,301	(182,422)	1,406,341
Cash and cash equivalents, beginning of year	3,586,211	1,744	669,811	196,533	4,454,299
Cash and cash equivalents, end of year	$ 5,048,153	$ 34,264	$ 764,112	$ 14,111	$ 5,860,640
Cash and cash equivalents classified as:					
Unrestricted	$ 4,534,071	$ 34,264	$ 764,112	$ 13,812	$ 5,346,259
Restricted	514,082	-	-	299	514,381
Total cash and cash equivalents	$ 5,048,153	$ 34,264	$ 764,112	$ 14,111	$ 5,860,640
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 1,653,827	$ (314,727)	$ 381,779	$ 127,719	$ 1,848,598
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,077,845	164,715	149,024	132,329	1,523,913
Changes in assets and liabilities:					
Accounts receivable	(112,265)	(24,356)	(19,063)	(2,277)	(157,961)
Due from other governments	(126,185)	558	(47,812)	(384,504)	(557,943)
Lease receivable	-	-	-	(4,238)	(4,238)
Special assessments receivable	13,695	-	-	-	13,695
Prepaid items	(4,587)	(1,826)	-	(17,306)	(23,719)
Accounts payable and accrued liabilities	10,615	80,882	(6,250)	30,390	115,637
Deposits	6,340	-	-	-	6,340
Compensated absences	18,508	6,962	5,636	(3,363)	27,743
Total OPEB liability	(43,822)	3,485	6,438	(6,251)	(40,150)
Net cash provided by (used in) operating activities	$ 2,493,971	$ (84,307)	$ 469,752	$ (127,501)	$ 2,751,915

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Pension Trust Funds
ASSETS	
Cash and cash equivalents with trustee	$ 167,964
Total cash and cash equivalents	167,964
Receivables	
Employer contributions receivable	297
State premium taxes	166,570
Total receivables	166,867
Investments, at fair value	
Mutual funds - equity	5,894,531
Mutual funds - fixed income	1,846,343
Total investments	7,740,874
Total assets	8,075,705
LIABILITIES	
Accounts payable	16,476
Total liabilities	16,476
NET POSITION	
Restricted for pensions	$ 8,059,229

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Pension Trust Funds
Additions	
Contributions:	
Employer	$ 377,906
Plan members	152,164
State - insurance premium taxes	166,570
Total contributions	696,640
Investment earnings (loss):	
Net appreciation (depreciation) in fair value of investments	843,239
Interest and dividends	166,270
Total investment earnings	1,009,509
Less: investment expense	(28,500)
Net investment income (loss)	981,009
Total additions	1,677,649
Deductions	
Benefit payments and refunds	336,181
Administrative expenses	89,361
Total deductions	425,542
Change in net position	1,252,107
Net position restricted for pensions, beginning of year	6,807,122
Net position restricted for pensions, end of year	$ 8,059,229

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 Flagler 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 and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City of Flagler Beach (City), Florida, Flagler County (County), a political subdivision incorporated in 1946, under the authority of Chapter 165 *Florida Statutes*, was established by Chapter 11.481 Laws of Florida Acts of 1925. The City operates under a Commission-Manager form of government and provides the following services, as authorized by the City Charter: public safety (police, fire, and building departments), highways and streets, culture/recreation, public improvements, planning and zoning, and general government services. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the government and its component units, entities for which the government is considered to be financial accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so, data from these units are combined with the data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City. The City has no discretely presented component units to report.

(b) **Blended component units**—The City has one blended component unit, as follows:
The Flagler Beach Community Redevelopment Agency (the CRA) is operated by the City. The CRA was created by City Ordinance 95-24 and 97-21 pursuant to Florida Statute 163.387, for the purpose of rehabilitation, conservation and redevelopment of specific downtown areas of the City. Since the City is financially accountable for the activities of the CRA, its governing commission is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund.

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The Flagler Beach Community Redevelopment Agency Fund—The City's special revenue fund. It accounts for revenue sources that are legally restricted to expenditures for the CRA.

The City reports the following major proprietary funds:

Water and Sewer Fund—The Water and Sewer Fund accounts for the costs and recovery of costs in the form of user charges related to the production, treatment and distribution of potable water.

Sanitation Fund—The Sanitation Fund accounts for the costs and recovery of costs in the form of user charges related to the collection, treatment and disposal of sewage waste with the City.

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

Pier Fund—The Pier Fund accounts for the operations and maintenance of the City pier.

Additionally, the City reports the following fund types:

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

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

i. On or before July 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 made available to the public.

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 Commission must approve all inter-departmental budget amendments and/or appropriations transfers.

vii. Budgetary control is exercised at the department level.

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

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

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

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

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments including investments in the City's fiduciary funds are recorded at fair value based on quoted market values, except for the City's investments in the Florida PRIME portion of the State Investment Pool, which are reported at amortized cost, which approximates fair value.

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

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

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

(h) **Leases receivable—**When engaged in long-term leasing activity as the lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(i) **Prepaid items**—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.

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

(j) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	15 – 50 years
Improvements	10 – 50 years
Machinery and equipment	5 – 15 years
Infrastructure	40 years
Right-to-use lease	5 years

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

(l) **Leases**—The City leases submerged land and equipment, 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. 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 liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and (2) is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City's tax exempt market borrowing rate for 30 year fixed terms at the end of each year, which will be the rate utilized for the next calendar year. The City elected to use its incremental borrowing rate (IBR) of 3% as of September 30, 2022 for leases entered into beginning October 1, 2022.

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

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

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

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

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

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

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

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

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

It is the City's policy to allocate funds equivalent to a minimum of 25% of proposed General Fund budgeted expenditures and designate as emergency reserves to support General Fund emergency operations at the sole discretion of and as declared by the City Commission. The Utility Fund unrestricted net position will be 10% of proposed budgeted operating expenses, excess may be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund. The Stormwater Fund unrestricted net position will be 10% of the proposed budgeted expenses, excess may be assigned for future system capital projects. The Sanitation Fund unrestricted net position will be 10% of proposed budgeted operating expenses, excess may be assigned to a rate stabilization fund.

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

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

The City has multiple items, deferred outflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category. Deferred outflows related to pensions are discussed further in Note (12) and deferred outflows related to OPEB are 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 represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available; deferred inflows relates to leases, as discussed further in Note (4); deferred inflows of resources related to pensions, as discussed further in Note (12); and deferred inflows of resources related to OPEB, as discussed further in Note (11).

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

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

(q) **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.

(r) **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.

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

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

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

(3) **Deposits and Investments:**

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

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

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

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

Direct obligations of the United States Treasury

Deposits include cash on hand and amounts held in the City's demand accounts. At September 30, 2023, the carrying amount of the City's deposits was $6,814,353. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

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

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

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

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

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

The City invests temporarily idle resources in the Local Government Investment Pool (State Pool). The State Pool is administered by the Florida Prime Investment Pool, who provides regulatory oversight. Florida Prime Investment Pool (Florida PRIME) is 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 Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, 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; 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.

The City has investments in Florida Municipal Investment Trust (FMIT). The FMIT is an external pool established in 1993 and administered by the Florida League of Cities, Inc. pursuant to the laws of the State of Florida. The FMIT is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. Participants in the FMIT are limited to governmental entities in the State of Florida. The FMIT has adopted GASB Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and the fair value of the City's position in the FMIT is the same as the fair value of the FMIT shares. The investment in the pool is not evidenced by securities that exist in physical or book entry form.

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

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

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

The following chart shows the City's cash and investment accounts by investment portfolios and their respective maturities (in years) and fair value measurement levels as of September 30, 2023:

Investment Type	Carrying Value	Weighted Average Maturity (years)	Credit Rating (Fitch)	Fair Value Hierarchy Classification
Pooled Funds – 0-2 Year High Quality Bond Fund	$ 2,268,702	0.80	AAAf/S1	Level 2
Pooled Funds – 1-3 Year High Quality Bond Fund	3,690,656	1.60	AAAf/S2	Level 2
Pooled Funds – Intermediate High Quality Bond Fund	1,546,395	4.90	AAAf/S3	Level 2
Florida PRIME	10,116,494	35 days	AAAm(S&P)	N/A
Cash and cash equivalents	7,328,435	N/A	NR	N/A
Total Portfolio	$ 25,450,682			

Pension Plan Investments

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

Police Plan—Money market accounts, fixed income investments rated "A" or better (10% individual issuer limitation), equities traded on a national stock exchange (5% issuer limitation), and pooled funds such as mutual funds and ETFs.

Fire Plan—Money market accounts, fixed income investments rated "A" or better (10% individual issuer limitation), equities traded on a national stock exchange (5% issuer limitation), and pooled funds such as mutual funds and ETFs.

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

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

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

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

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

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

Real Estate Funds—Valued based upon the underlying investments' most recent audited financial statements.

A summary of investments held at fair value as of September 30, 2023, is as follows:

	Fair Value	Level 1
Investments, at fair value		
Corporate equity securities	$ 5,894,531	$ 5,894,531
Mutual funds - fixed income	1,846,343	1,846,343
Total investments	$ 7,740,874	$ 7,740,874

The pension plans also held a total of $167,964 of cash and cash equivalents held in the pension trust funds.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The City's investment policy requires diversifying investments to control the risk of loss resulting from over-concentrations of assets in a specific maturity.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies and credit rating limitations are in place through the plan investment policies. All investments rated within the investment policy guidelines at September 30, 2023.

Concentration of Credit Risk: The City's pension plans have varying limitations on investment in single-issuers as discussed in the authorized investments note. At September 30, 2023, the investment portfolios met the single issuer limitations.

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

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

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to 25% percent of its investments in common stock, capital stock and convertible securities at market value in foreign securities. At September 30, 2023, the investment portfolios met the foreign securities limitations.

(4) **Accounts Receivable:**

The City's receivables consisted of the following at September 30, 2023:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	$ 504,383	$ (1,861)	$ 502,522
Community Redevelopment Fund	-	-	-
Total – Governmental Activities	504,383	(1,861)	502,522
Business-Type Activities:			
Pier Fund	20,928	-	20,928
Water and Sewer Fund	983,939	(75,677)	908,262
Sanitation Fund	169,268	(8,409)	160,859
Stormwater Fund	74,506	(3,052)	71,454
Totals – Business-Type Activities	1,248,641	(87,138)	1,161,503
Totals	$ 1,753,024	$ (88,999)	$ 1,664,025

In addition to accounts receivable, the City also recorded $1,141,777 in due from other governments at September 30, 2023. These amounts reflect management's best estimate of recoveries based on costs incurred and approved projects, and are subject to change pending adjustments made by the respective Federal and/or State agencies.

The City also recorded special assessments receivable of $106,643, of which $71,265 represents the balance remaining as of September 30, 2023 on the financing by the property owners of the Morningside Subdivision for Sewer System Construction, which was completed during the year ended September 30, 2014, at an original amount financed totaling approximately $630,000.

In fiscal year 2014, pursuant to Resolutions 2013-05 and 2014-11, the City levied a special assessment for certain benefiting property owners to fund sanitary sewer improvements in the Morningside subdivision. The sanitary sewer improvements were constructed by the City, which retained ownership of the improvements. Related to the special assessment, the City entered into agreements with the individual property owners in the Morningside subdivision under which the City has financed and will collect $632,997 plus interest at 4.75% per annum from this special assessment to fund these improvements. At September 30, 2023, $106,643 of the original principal portion of the special assessment is reported as Special assessments receivable – restricted, and $5,187 was included with interest earnings in the Water & Sewer Fund.

(5) **Interfund Loans and Transfers:**

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. The $688,043 due from the Pier Fund to the General Fund is long-term in nature. At September 30, 2023, individual fund interfund receivables and payables for the primary government were comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund:		
Water and Sewer Fund	$ 13,672	$ -
Pier Fund	688,043	-
Water and Sewer Fund:		
General Fund	-	13,672
Sanitation Fund	-	67,640
Stormwater Fund	-	34,051
Sanitation Fund:		
Water and Sewer Fund	67,640	-
Stormwater Fund:		
Water and Sewer Fund	34,051	
Pier Fund:		
General Fund	-	688,043
Total – All Funds	$ 803,406	$ 803,406

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

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2023, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,601,023	$ -	$ -	$ 2,601,023
Construction in progress	784,537	240,281	(1,024,818)	-
Total assets not being depreciated	3,385,560	240,281	(1,024,818)	2,601,023
Capital assets being depreciated:				
Buildings	3,004,742	422,195	-	3,426,937
Improvements	3,373,101	606,965	-	3,980,066
Machinery and equipment	4,396,514	285,896	-	4,682,410
Infrastructure	5,933,302	1,024,818	-	6,958,120
Total assets being depreciated	16,707,659	2,339,874	-	19,047,533
Less: accumulated depreciation	(10,253,341)	(988,333)	-	(11,241,674)
Total capital assets being depreciated, net	6,454,318	1,351,541	-	7,805,859
Governmental activities capital assets, net	$ 9,839,878	$ 1,591,822	$ (1,024,818)	$ 10,406,882

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,648,235	$ -	$ -	$ 1,648,235
Construction in progress	3,546,238	2,090,566	(1,870,247)	3,766,557
Total assets not being depreciated	5,194,473	2,090,566	(1,870,247)	5,414,792
Capital assets being depreciated and amortized:				
Buildings	12,659,712	-	-	12,659,712
Improvements	23,294,160	133,860	1,870,247	25,298,267
Machinery and equipment	5,242,687	301,424	-	5,544,111
Infrastructure	5,531,460	-	-	5,531,460
Right to use asset - land	15,831	-	-	15,831
Total assets being depreciated and amortized	46,743,850	435,284	1,870,247	49,049,381
Less: accumulated depreciation and amortization	(20,188,604)	(1,523,913)	-	(21,712,517)
Total capital assets being depreciated and amortized, net	26,555,246	(1,088,629)	1,870,247	27,336,864
Business-type activities capital assets, net	$ 31,749,719	$ 1,001,937	$ -	$ 32,751,656

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 574,287
Public safety	294,146
Public works	24,094
Culture and recreation	95,806
Total depreciation expense - governmental activities	$ 988,333
Business-type activities:	
Water and Sewer	$ 1,077,845
Sanitation	164,715
Stormwater	149,024
Pier	132,329
Total depreciation/amortization expense - business-type activities	$ 1,523,913

(7) **Leases:**

(a) **City as Lessor**—The City is the lessor in a lease agreements for one building facility. A lease receivable and deferred inflow of resources was recorded for this leases.

In 2012, the City entered into a lease agreement with the Tenant for the leasing of the pier restaurant. Based on the terms of the agreement, the initial ten-year lease began on October 1, 2012, expired on September 30, 2022, and was extended for five years. Annual rentals under the lease agreement include minimum monthly payments of $3,914 and will increase 3% annually. For the year ended September 30, 2023, the City recognized $47,021 in lease revenue and $4,238 in interest revenue related to this lease. As of September 30, 2023, the City's receivable for lease payments was $190,301 and for interest payments was $476. Also, the City has a deferred inflow of resources associated with this lease that will be recognized over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was $179,752.

The principal and interest requirements to maturity for this lease as of September 30, 2023, are as follows:

Year Ending September 30,	Principal	Interest	Total Payments
2024	$ 43,264	$ 5,117	$ 48,381
2025	46,051	3,781	$ 49,832
2026	48,967	2,360	$ 51,327
2027	52,019	849	$ 52,868
Total future minimum lease payments	$ 190,301	$ 12,108	$ 202,409

(b) **City as Lessee**—The City is the lessee in one lease agreement for submerged land for the Pier Fund. A lease liability and a right-to-use asset was recorded for this lease in that funds.

(7) **Leases:** (Continued)

In 2017, the City entered into a 60 month lease agreement with the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida for submerged land valued at $15,831. The initial lease expired in October 2022 and was renewed for an additional five-year period. A right-to-use asset and initial lease liability was recorded by the City during the current fiscal year. As of September 30, 2023, the value of the lease liability was $10,750. The City is required to make annual principal and interest payments of $2,895. The City's incremental borrowing rate (IBR) was calculated at 3.0% at September 30, 2022, and was the discount rate utilized in the current year for this lease. The land has a five-year useful life. The value of the right-to-use assets as of September 30, 2023 was $15,831 and had accumulated amortization of $5,205.

Lease expense for the right-to-use assets for the years ended September 30, 2023, was as follows:

September 30, 2023	Business-type Activities
Amortization expense	$ 2,602
Interest on lease liabilities	333
Total	$ 2,936

The principal and interest requirements to maturity for the lease liability as of September 30, 2023, is as follows:

Business-type Activities Year Ending September 30,	Principal	Interest	Total Payments
2024	$ 2,568	$ 327	$ 2,895
2025	2,646	249	2,895
2026	2,726	168	2,895
2027	2,809	85	2,895
Total future minimum lease payments	$ 10,750	$ 830	$ 11,579

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

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 474,000	$ -	$ (63,000)	$ 411,000	$ -
Compensated absences	200,609	339,927	(259,990)	280,546	134,939
Total long-term liabilities	$ 674,609	$ 339,927	$ (322,990)	$ 691,546	$ 134,939

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 3,578,705	$ -	$ (557,644)	$ 3,021,061	$ 471,032
Lease liability	13,242	-	(2,492)	10,750	2,568
Compensated absences	76,928	154,870	(127,127)	104,671	55,259
Total long-term liabilities	$ 3,668,875	$ 154,870	$ (687,263)	$ 3,136,482	$ 528,859

Notes payable in the City's governmental activities at September 30, 2023, were comprised of the following obligations:

Refunding Revenue Note, Series 2015, issued to (1) refund the City's outstanding stormwater revenue note, series 2015, (2) refund the outstanding principal amount of the 2009 CRA Note, and (3) pay related costs of issuance. The series 2015 note is secured by the City's covenant to budget and appropriate from legally available non-ad valorem revenues of the City. The note is split 43% and 57% between governmental and business type activities, respectively. The interest rate is 2.53% and the note matures October 2029. Principal payments are due annually on October 1st and interest payments are due semiannually on October 1st and April 1st. The outstanding balance at September 30, 2023, was $411,000.

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2024	$ -	$ 5,199	$ 5,199
2025	64,000	9,589	73,589
2026	66,000	7,945	73,945
2027	68,000	6,249	74,249
2028	69,000	4,517	73,517
2029	144,000	3,668	147,668
Total	$ 411,000	$ 37,167	$ 448,167

Notes payable in the City's business-type activities at September 30, 2023, were comprised of the following obligations:

In January 2005, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $3,375,000 loan for a water treatment plant expansion project at an interest rate of 2.67% per year. In June 2006, the loan was amended to include an additional $3,158,750 with an interest rate of 2.65%. In July 2007, the loan was amended to include an additional $3,280,134 with an interest rate of 2.64%. The semi-annual payment is due January 15th and July 15th. The loan is collateralized by the pledged revenues of the water and sewer system and carries with it certain rate coverage requirements, which the City was in compliance with at September 30, 2023. The outstanding balance at September 30, 2023, was $1,546,821 and the note matures in 2027.

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

Refunding Revenue Note, Series 2015, issued to (1) refund the City's outstanding stormwater revenue note, series 2015, (2) refund the outstanding principal amount of the 2009 CRA Note, and (3) pay related costs of issuance. The series 2015 note is secured by the City's covenant to budget and appropriate from legally available non-ad valorem revenues of the City. The note is split 43% and 57% between governmental and business type activities, respectively. The interest rate is 2.53% and the note matures October 2029. Principal payments are due annually on October 1st and interest payments are due semiannually on October 1st and April 1st. The outstanding balance at September 30, 2023, was $650,000.

In July 2020, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $900,000 loan for design activities related to Wastewater Treatment Facility Construction, at an interest rate of 0.58% per year. In August 2022, the loan was amended to be reduced by $7,047. The first semi-annual payment is due August 15, 2022. The loan is collateralized by the pledged revenues of the water and sewer system and carries with it certain rate coverage requirements, which the City was in compliance with at September 30, 2023. The outstanding balance at September 30, 2023, was $824,240 and the note maturity is estimated to occur in 2035.

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

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2024	$ 471,032	$ 48,951	$ 519,983
2025	584,723	46,535	631,258
2026	598,720	31,933	630,653
2027	381,155	16,952	398,107
2028	154,593	10,896	165,489
2029-2033	453,881	29,120	483,001
2034-2038	233,546	13,019	246,565
2039-2043	143,411	16,007	159,418
Total	$ 3,021,061	$ 213,413	$ 3,234,474

In general, an event of default will occur if the City fails to make a payment of principal and interest when such amounts are due and payable or if the City fails to punctually perform any of the material covenants, conditions, agreements and provisions contained in a debt indenture. In the event of default, the note holders shall be entitled to sue for, enforce payment of, and receive any and all amounts due from the City for principal and interest. In addition, the notes shall bear interest at the default rate; the City may be subject to a late fee; and the City may be required to pay all of the note holders' attorney's fees incurred to remedy the default.

(9) **Commitments and Contingencies:**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2023. 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.

The City has active construction projects with uncompleted work commitments of $2,345,080 as of September 30, 2023.

(10) **Risk Management:**

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

(11) **Other Postemployment Benefits (OPEB):**

Plan Description—City of Flagler 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 of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

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

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

Plan Membership—At September 30, 2021, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	77
Inactive Employees	-
	77

Total OPEB Liability—The City's total OPEB liability of $419,195 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2022 utilizing the Measurement Method for small plans as permitted under GASB 75.

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

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:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.77%
Healthcare cost trend rate	7.50%
	Ultimate rate reached in 2075 4.00%
Retirees' share of benefit-related costs	100.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the September 30, 2021 S&P Municipal Bond 20 Year High Grade Rate Index as published by the S&P Dow Jones Indices.

Mortality rates were based on the PuBG-2010 Mortality Tables.

For the fiscal year ended September 30, 2023, changes in the total OPEB liability were as follows:

Balance at September 30, 2022	$ 498,664
Changes for a year:	
Service cost	48,772
Interest	13,131
Changes of assumptions	(127,166)
Benefit payments – implicit rate subsidy	(14,206)
Net changes	(79,469)
Balance at September 30, 2023	$ 419,195

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 4.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 467,280	$ 419,195	$ 378,411

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

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

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.00%-6.50%) or 1% higher (5.00%-8.50%) than the current healthcare cost trend rates (4.00%-7.50%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 373,250	$ 419,195	$ 473,836

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

For the year ended September 30, 2023, the City recognized OPEB revenue of $62,163. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 16,521	$ -
Total	$ 16,521	$ -

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2024.

(12) **Employee Retirement Systems and Pension Funds:**

General Employees - Defined Contribution Plan

The City Commission has adopted the International City Management Association Retirement corporation (ICMA-RC) Money Purchase Plan and Trust, as amended, effective March 10, 2016. The plan is available to the general employees who are not in one of the other City retirement plans. City contributions to the ICMA-RC Money Purchase Plan and trust for general employees shall be 6.5% of each participant's earnings for the plan year. Participants are not permitted to make contributions. City contributions fully vest in the year they are contributed. For the year ended September 30, 2023, actual employer contributions to this plan totaled $208,365.

Municipal Police Officers' and Firefighters' Defined Benefit Pension Plans

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

Plan Description and Administration

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

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

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

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

Benefits Provided and Employees Covered

Each Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Current membership in the employee retirement plans was composed of the following at October 1, 2021:

	Police Plan	Fire Plan
Inactive plan members or beneficiaries receiving benefits	8	5
Inactive plan members entitled to but not yet receiving benefits	9	5
Active participants	15	18
Total current membership	32	28

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

Police Officers Plan

- Normal Retirement Benefits: 3.19% of average final compensation times credited service
- Normal Retirement Age: Earlier of: 1) age 55 and 10 years of credited service or 2) age 52 and 25 years of service
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final
- compensation (service incurred) or 25% of average final compensation (nonservice incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non-Vested: Refund of accumulated contributions without interest
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is not currently funded per mutual consent between the City and membership.

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

Firefighters Plan

- Normal Retirement Benefits: 3.0% of average final compensation times credited service
- Normal Retirement Age: Earlier of age 55 and 10 years of credited service or age 52 and 25 years of credited service
- Early Retirement Benefits: Accrued benefit reduced 3% for each year commencement occurs prior to age 55
- Early Retirement Age: Age 50 and 10 Years of credited service
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred) or 25% of average final compensation (nonservice incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non-Vested: Refund of accumulated contributions without interest
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is currently not funded.

The most recent experience studies for both the police and fire plans were conducted as of August 20, 2019.

Contributions

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

For the year ended September 30, 2023, contributions to the City's pension plans were as follows:

	Police Plan	Fire Plan	Total
Employee contributions	$ 115,356	$ 36,808	$ 152,164
City contributions	303,331	74,575	377,906
State contributions	74,711	91,859	166,570
Total contributions	$ 493,398	$ 203,242	$ 696,640

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

Investment Policy

See Note (2)(b) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2023:

	Target Asset Allocation	
Asset Class	Police Plan	Fire Plan
Domestic equity	50%	50%
International equity	15%	15%
Broad Market Fixed Income	35%	35%

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the pension plans at September 30, 2023, were as follows:

	Police Plan	Fire Plan	Total
Total pension liability	$ 6,298,451	$ 2,203,276	$ 8,501,727
Plan fiduciary net position	(4,561,214)	(2,250,560)	(6,811,774)
Net pension liability (asset)	$ 1,737,237	$ (47,284)	$ 1,689,953
Plan fiduciary net position as percentage of total pension liability	72.42%	102.15%	80.12%

The total pension liability was determined by an actuarial valuation as of October 1, 2021, and measurement date of September 30, 2023, using the following actuarial assumptions to all measurement periods.

	Police Plan	Fire Plan
Inflation	2.50%	2.50%
Salary increases	Service based	Service based
Investment rate of return	7.00%	7.00%
Mortality table	MP-2018, projected	MP-2018, projected

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

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Long Term Expected Real Rate of Return		
Asset Class	**Police Plan**	**Fire Plan**
Domestic equity	7.5%	7.5%
International equity	8.5%	8.5%
Broad Market Fixed Income	2.5%	2.5%

Discount rate:

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

Changes in net pension liability (asset):

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

	Police Plan		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a-b)**
Beginning Balance	$ 5,416,872	$ 5,529,412	$ (112,540)
Changes for year:			
Service cost	258,908	-	258,908
Interest	425,763	-	425,763
Share plan allocation	1,939	-	1,939
Differences between expected/actual experience	(85,457)	-	(85,457)
Changes in benefit terms	532,682	-	532,682
Changes of assumption	-	-	-
Contributions - employer	-	182,136	(182,136)
Contributions - employee	-	91,518	(91,518)
Contributions - state	-	63,877	(63,877)
Contributions - buy back	-	-	-
Net investment income	-	(1,012,789)	1,012,789
Benefit payments, including refunds	(252,256)	(252,256)	-
Administrative expenses	-	(40,684)	40,684
Net changes	881,579	(968,198)	1,849,777
Ending Balance	$ 6,298,451	$ 4,561,214	$ 1,737,237

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

	Fire Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance	$ 1,810,257	$ 2,677,168	$ (866,911)
Changes for year:			
Service cost	125,059	-	125,059
Interest	143,892	-	143,892
Differences between expected/actual experience	8,871	-	8,871
Change in excess state money	-	-	-
Change in benefit terms	156,031	-	156,031
Change in assumptions	-	-	-
Contributions - employer	-	66,153	(66,153)
Contributions - Buy Back	30,649	30,649	
Contributions - employee	-	29,988	(29,988)
Contributions - state	-	54,933	(54,933)
Net investment income	-	(493,497)	493,497
Benefit payments, including refunds	(71,483)	(71,483)	-
Administrative expenses	-	(43,351)	43,351
Net changes	393,019	(426,608)	819,627
Ending Balance	$ 2,203,276	$ 2,250,560	$ (47,284)

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

The following presents the net pension liability (asset) of the City calculated using the selected discount rates, as well as what the City's net pension liability (asset) (NPL(A)) 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(A) with 1% Decrease	NPL(A) at Current Discount Rate	NPL(A) with 1% Increase
Police	7.00%	$ 2,537,570	$ 1,737,237	$ 1,074,805
Fire	7.00%	288,005	(47,284)	(317,378)
Total		$ 2,825,575	$ 1,689,953	$ 757,427

For the year ended September 30, 2023, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	Police Plan	Fire Plan
Annual money-weighted rate of return	14.40%	14.37%

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

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

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

For the year ended September 30, 2023, the City recognized pension expense (revenue) of $973,054 and $302,133 in the Police and Fire pension plans, respectively, for a total of $1,275,187.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 140,042	$ (87,779)	$ 171,659	$ (112,343)
Changes of assumptions	76,704	-	17,298	(16,590)
Net different between projected and actual investment earnings	710,004	-	362,809	-
Employer and State contributions subsequent to the measurement date	373,390	-	166,434	-
	$ 1,300,140	$ (87,779)	$ 718,200	$ (128,933)

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2023. All 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:

	Police Plan	Fire Plan
2024	$ 222,474	$ 58,135
2025	168,714	104,825
2026	167,501	117,025
2027	280,282	142,848
2028	-	-
Thereafter	-	-

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

C. Pension Fund Financial Statements

The City does not issue separate financial statements for the Police or Fire Plan. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds. Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2023:

COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS

	Fire Plan	Police Plan	Total
ASSETS			
Cash and cash equivalents with trustee	$ 27,855	$ 140,109	$ 167,964
Total cash and cash equivalents	27,855	140,109	167,964
Receivables			
Employer contributions receivable	-	297	297
State premium taxes	91,859	74,711	166,570
Total receivables	91,859	75,008	166,867
Investments, at fair value			
Mutual funds - equity	1,931,216	3,963,315	5,894,531
Mutual funds - fixed income	601,807	1,244,536	1,846,343
Total investments	2,533,023	5,207,851	7,740,874
Total assets	2,652,737	5,422,968	8,075,705
LIABILITIES			
Accounts payable	6,009	10,467	16,476
Total liabilities	6,009	10,467	16,476
NET POSITION			
Restricted for pensions	$ 2,646,728	$ 5,412,501	$ 8,059,229

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

COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

	Fire Plan	Police Plan	Total
Additions			
Contributions:			
Employer	$ 74,575	$ 303,331	$ 377,906
Plan members	36,808	115,356	152,164
State - insurance premium taxes	91,859	74,711	166,570
Total contributions	203,242	493,398	696,640
Investment earnings (loss):			
Net appreciation (depreciation) in fair value of investments	277,522	565,717	843,239
Interest and dividends	54,658	111,612	166,270
Total investment earnings	332,180	677,329	1,009,509
Less: investment expense	(11,500)	(17,000)	(28,500)
Net investment income (loss)	320,680	660,329	981,009
Total additions	523,922	1,153,727	1,677,649
Deductions			
Benefit payments and refunds	83,996	252,185	336,181
Administrative expenses	43,758	45,603	89,361
Total deductions	127,754	297,788	425,542
Change in net position	396,168	855,939	1,252,107
Net position restricted for pensions, beginning of year	2,250,560	4,556,562	6,807,122
Net position restricted for pensions, end of year	$ 2,646,728	$ 5,412,501	$ 8,059,229

(13) **Recent Accounting Pronouncements:**

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

(a) GASB issued Statement No. 101**,** *Compensated Absences,* in June 2022. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions in GASB 101 are effective for periods beginning after December 15, 2023.

(b) GASB issued Statement No. 102, *Certain Risk Disclosures,* in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF REVENUES, EXGENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	$ 6,129,627	$ 6,129,627	$ 6,591,790	$ 462,163
Permits and fees	942,600	942,600	1,524,713	582,113
Intergovernmental	850,492	2,438,989	1,738,880	(700,109)
Charges for services	19,222	21,722	23,510	1,788
Fines and forfeitures	59,250	59,250	83,138	23,888
Investment income (loss)	29,500	29,500	357,627	328,127
Miscellaneous	28,000	288,182	465,663	177,481
Total revenues	8,058,691	9,909,870	10,785,321	875,451
Expenditures				
Current:				
General government	2,361,757	3,814,942	3,255,476	559,466
Public safety	4,208,871	4,578,262	4,300,595	277,667
Roads and streets	406,761	428,028	349,995	78,033
Culture and recreation	609,985	637,690	479,886	157,804
Capital outlay	916,962	1,880,030	1,318,047	561,983
Debt service:				
Principal retirement	4,921	4,921	-	4,921
Interest and fiscal charges	126	126	-	126
Total expenditures	8,509,383	11,343,999	9,703,999	1,640,000
Excess (deficiency) of revenues over expenditures	(450,692)	(1,434,129)	1,081,322	2,515,451
Other financing sources (uses)				
Sale of capital assets	(2,000)	21,461	28,435	6,974
Total other financing sources (uses)	(2,000)	21,461	28,435	6,974
Net change in fund balances	(452,692)	(1,412,668)	1,109,757	2,522,425
Fund balances, beginning of year	8,251,570	8,251,570	8,251,570	-
Fund balances, end of year	$ 7,798,878	$ 6,838,902	$ 9,361,327	$ 2,522,425

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	$ 468,462	$ 468,462	$ 466,266	$ (2,196)
Intergovernmental	170,000	170,000	128	(169,872)
Miscellaneous	2,500	2,500	-	(2,500)
Total revenues	640,962	640,962	466,394	(174,568)
Expenditures				
Current:				
Physical environment	403,746	424,517	259,577	164,940
Capital outlay	678,250	693,315	237,290	456,025
Debt service:				-
Principal retirement	61,000	61,000	63,000	(2,000)
Interest and fiscal charges	13,536	13,536	11,992	1,544
Total expenditures	1,156,532	1,192,368	571,859	620,509
Excess (deficiency) of revenues over expenditures	(515,570)	(551,406)	(105,465)	445,941
Net change in fund balances	(515,570)	(551,406)	(105,465)	445,941
Fund balances, beginning of year	546,662	546,662	546,662	-
Fund balances, end of year	$ 31,092	$ (4,744)	$ 441,197	$ 445,941

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 48,772	$ 63,360	$ 50,906	$ 36,092	$ 37,961	$ 40,191
Interest	13,131	13,443	16,863	16,701	14,031	11,433
Difference between expected and actual experience	-	(8,750)	-	(35,198)	-	-
Changes of assumptions	(127,166)	(127,771)	89,218	51,333	(23,985)	(26,484)
Benefit payments - implicit rate subsidy	(14,206)	(12,767)	(11,876)	(12,556)	(11,546)	(10,617)
Net change in total OPEB liability	(79,469)	(72,485)	145,111	56,372	16,461	14,523
Total OPEB liability - beginning of year	498,664	571,149	426,038	369,666	353,205	338,682
Total OPEB liability - end of year	$ 419,195	$ 498,664	$ 571,149	$ 426,038	$ 369,666	$ 353,205
Covered employee payroll	$ 4,118,134	$ 4,017,692	$ 3,680,762	$ 3,590,988	$ 3,542,740	$ 3,456,332
Total OPEB liability as a percentage of covered employee payroll	10.18%	12.41%	15.52%	11.86%	10.43%	10.22%
Notes to Schedule:						
Valuation date:	9/30/2021	9/30/2021	9/30/2019	9/30/2019	9/30/2018	9/30/2017
Measurement date:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:						
	4.77%	2.43%	2.14%	3.58%	4.18%	3.64%

Benefit Payments:
The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2023. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

OPEB Trust:
For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

*10 years of data will be presented as it becomes available.

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PLAN
SEPTEMBER 30, 2023
(UNAUDITED)

Measurement Period - Fiscal Year Ending Reporting Period - Fiscal Year Ending	9/30/22 9/30/23	9/30/21 9/30/22	9/30/20 9/30/21	9/30/19 9/30/20	9/30/18 9/30/19	9/30/17 9/30/18	9/30/16 9/30/17	9/30/15 9/30/16
Total Pension Liability								
Service cost	$ 258,908	$ 219,241	$ 183,067	$ 186,283	$ 181,472	$ 163,804	$ 140,418	$ 152,425
Interest	425,763	351,050	334,013	323,707	286,220	270,030	233,628	218,206
Share plan allocation	1,939	7,076	6,748	6,549	5,344	764	-	-
Change in excess state money	-	-	-	-	-	-	-	-
Changes in benefit terms	532,682	-	-	-	-	-	-	-
Difference between actual and expected experience	(85,457)	175,733	1,108	(118,437)	204,944	(91,598)	114,638	(58,880)
Changes of assumptions	-	-	155,389	72,739	-	-	87,160	-
Contributions - Buy Back	-	-	-	42,166	-	-	-	-
Benefit payments including refunds of contributions	(252,256)	(263,967)	(227,816)	(221,582)	(157,515)	(137,764)	(102,745)	(90,905)
Net change in total pension liability	881,579	489,133	452,509	291,425	520,465	205,236	473,099	220,846
Total pension liability - beginning	5,416,872	4,927,739	4,475,230	4,183,805	3,663,340	3,458,104	2,985,005	2,764,159
Total pension liability - ending (a)	$ 6,298,451	$ 5,416,872	$ 4,927,739	$ 4,475,230	$ 4,183,805	$ 3,663,340	$ 3,458,104	$ 2,985,005
Total Fiduciary Net Position								
Contributions - employer	$ 182,136	$ 152,661	$ 145,938	$ 129,209	$ 136,466	$ 130,382	$ 62,751	$ 60,659
Contributions - state	63,877	57,106	56,449	56,051	53,639	44,481	42,952	38,667
Contributions - employee	91,518	88,757	89,695	77,838	83,550	81,895	72,128	71,655
Contributions - Buy Back	-	-	-	42,166	-	-	-	-
Net investment income	(1,012,789)	953,322	452,771	154,626	338,143	373,236	289,042	(40,277)
Benefit payments, including refunds of contributions	(252,256)	(263,967)	(227,816)	(221,582)	(157,515)	(137,764)	(102,745)	(90,905)
Administrative expense	(40,684)	(39,602)	(34,307)	(47,021)	(35,835)	(42,148)	(39,294)	(51,933)
Net change in plan fiduciary net position	(968,198)	948,277	482,730	191,287	418,448	450,082	324,834	(12,134)
Plan fiduciary net position - beginning	5,529,412	4,581,135	4,098,405	3,907,118	3,488,670	3,038,588	2,713,754	2,725,888
Plan fiduciary net position - ending (b)	$ 4,561,214	$ 5,529,412	$ 4,581,135	$ 4,098,405	$ 3,907,118	$ 3,488,670	$ 3,038,588	$ 2,713,754
Net pension liability - ending (a) - (b)	$ 1,737,237	$ (112,540)	$ 346,604	$ 376,825	$ 276,687	$ 174,670	$ 419,516	$ 271,251
Plan fiduciary net position as a percentage of the total pension liability	72.42%	102.08%	92.97%	91.58%	93.39%	95.23%	87.87%	90.91%
Covered payroll	$ 915,178	$ 887,565	$ 896,948	$ 778,377	$ 835,497	$ 818,946	$ 721,277	$ 716,550
Net pension liability as a percentage of covered payroll	189.83%	-12.68%	38.64%	48.41%	33.12%	21.33%	58.16%	37.86%

Changes of assumptions:
For measurement date 09/30/2023, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2021 FRS valuation report for special risk employees.
Investment rate return was 7.00%, net of investment related expenses.

*10 years of data will be presented as it becomes available.

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
FIRE PLAN
SEPTEMBER 30, 2023
(UNAUDITED)

Measurement Period - Fiscal Year Ending **Reporting Period - Fiscal Year Ending**	**9/30/22** **9/30/23**	**9/30/21** **9/30/22**	**9/30/20** **9/30/21**	**9/30/19** **9/30/20**	**9/30/18** **9/30/19**	**9/30/17** **9/30/18**	**9/30/16** **9/30/17**	**9/30/15** **9/30/16**	**9/30/14** **9/30/15**
Total Pension Liability									
Service cost	$ 125,059	$ 103,175	$ 97,586	$ 129,855	$ 129,752	$ 82,884	$ 81,822	$ 74,954	$ 63,454
Interest	143,892	109,271	103,952	117,847	94,641	90,640	77,035	69,702	63,195
Change in excess state money	-	-	-	-	-	-	-	-	-
Share plan allocation	-	-	-	-	-	-	-	-	-
Changes in benefit terms	156,031	-	-	(322)	-	-	-	-	-
Difference between actual and expected experience	8,871	159,876	(53,411)	(216,635)	146,201	(118,194)	16,460	(1,875)	-
Changes of assumptions	-	-	15,076	(82,951)	-	-	50,710	-	-
Contributions - Buy Back	30,649	-	-	-	-	-	-	-	-
Benefit payments including refunds of contributions	(71,483)	(39,812)	(43,381)	(63,246)	(58,679)	(39,022)	(52,357)	(51,394)	(51,394)
Net change in total pension liability	393,019	332,510	119,822	(115,452)	311,915	16,308	173,670	91,387	75,255
Total pension liability - beginning	1,810,257	1,477,747	1,357,925	1,473,377	1,161,462	1,145,154	971,484	880,097	804,842
Total pension liability - ending (a)	$ 2,203,276	$ 1,810,257	$ 1,477,747	$ 1,357,925	$ 1,473,377	$ 1,161,462	$ 1,145,154	$ 971,484	$ 880,097
Total Fiduciary Net Position									
Contributions - employer	$ 66,153	$ 70,095	$ 65,664	$ 70,900	$ 86,628	$ 83,554	$ 2,978	$ 12,764	$ 24,723
Contributions - state	54,933	55,641	49,127	47,053	43,677	31,857	35,714	62,074	50,517
Contributions - employee	29,988	31,050	31,446	27,936	24,886	25,221	15,917	14,900	13,776
Contributions - Buy Back	30,649	-	-	-	-	-	-	-	-
Net investment income	(493,497)	442,673	198,459	68,923	143,679	158,378	124,245	(19,545)	115,088
Benefit payments, including refunds of contributions	(71,483)	(39,812)	(43,381)	(63,246)	(58,679)	(39,022)	(52,357)	(51,394)	(51,394)
Administrative expense	(43,351)	(38,868)	(32,978)	(45,899)	(36,562)	(35,837)	(36,875)	(28,497)	(12,148)
Net change in plan fiduciary net position	(426,608)	520,779	268,337	105,667	203,629	224,151	89,622	(9,698)	140,562
Plan fiduciary net position - beginning	2,677,168	2,156,389	1,888,052	1,782,385	1,578,756	1,354,605	1,264,983	1,274,681	1,134,119
Plan fiduciary net position - ending (b)	$ 2,250,560	$ 2,677,168	$ 2,156,389	$ 1,888,052	$ 1,782,385	$ 1,578,756	$ 1,354,605	$ 1,264,983	$ 1,274,681
Net pension liability (asset) - ending (a) - (b)	$ (47,284)	$ (866,911)	$ (678,642)	$ (530,127)	$ (309,008)	$ (417,294)	$ (209,451)	$ (293,499)	$ (394,584)
Plan fiduciary net position as a percentage of the total pension liability	102.15%	147.89%	145.92%	139.04%	120.97%	135.93%	118.29%	130.21%	144.83%
Covered payroll	$ 599,760	$ 620,994	$ 628,923	$ 558,717	$ 497,723	$ 504,418	$ 318,345	$ 297,990	$ 275,505
Net pension asset as a percentage of covered payroll	-7.88%	-139.60%	-107.91%	-94.88%	-62.08%	-82.73%	-65.79%	-98.49%	-143.22%

Changes of assumptions
For measurement date 09/30/2023, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2021 FRS valuation report for special risk employees.
The investment return assumption is 7.00%.

*10 years of data will be presented as it becomes available.

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PLAN
SEPTEMBER 30, 2023
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2023	$ 384,137	$ 366,035	$ 18,102	$ 1,153,564	31.73%
2022	230,625	244,074	(13,449)	915,178	26.67%
2021	205,028	202,691	2,337	887,565	22.84%
2020	195,535	195,639	(104)	896,948	21.81%
2019	184,475	178,711	5,764	778,377	22.96%
2018	172,112	184,762	(12,650)	835,497	22.11%
2017	180,987	174,099	6,888	818,946	21.26%
2016	98,815	105,703	(6,888)	721,277	14.65%
2015	98,884	99,326	(442)	716,550	13.86%
2014	125,177	125,794	(617)	715,298	17.59%

Notes to Schedule:

Valuation Date: 10/1/2021

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry age normal cost
Amortization Method:	Unfunded actuarial accrued liability amortized over 15 years.
Asset Valuation Method:	The Actuarial Value of Assets is based on a four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased in over a four-year period.
Inflation:	2.50%
Salary Increases:	Service based
Investment Rate of Return:	7.0% per year compounded annually, net of investment related expenses.
Mortality:	Healthy Active Lives: Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. Healthy Retiree Lives: Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Beneficiary Lives: Female: PubG.H-2010 for (Below Median) Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.
Retirement Age:	Earlier of: 1) age 55 and 10 years of service, or 2) age 52 and 25 years of service. Members satisfying the above eligibility requirements are assumed to retire immediately.

Disability Rate Table

Age	% Becoming Disabled During the Year
20	0.15%
25	0.15%
30	0.20%
35	0.25%
40	0.35%
45	0.50%
50	0.90%
55	1.80%
60	4.50%
65	0.00%

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIRE PLAN
SEPTEMBER 30, 2023
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2023	$ 149,515	$ 166,434	$ (16,919)	$ 736,164	22.61%
2022	112,455	121,086	(8,631)	599,760	20.19%
2021	118,859	125,736	(6,877)	620,994	20.25%
2020	119,496	114,791	4,705	628,923	18.25%
2019	123,253	117,953	5,300	558,717	21.11%
2018	120,300	130,305	(10,005)	497,723	26.18%
2017	115,411	115,411	-	504,418	22.88%
2016	45,588	38,692	6,896	318,345	12.15%
2015	67,942	74,838	(6,896)	297,990	25.11%
2014	75,240	75,240	-	275,505	27.31%

Notes to Schedule:

Valuation Date: 10/1/2021

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal cost

Amortization Method: Unfunded actuarial accrued liability amortized over 15 years

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

Inflation: 2.50%

Salary Increases: Service based

Investment Rate of Return: 7.0% per year compounded annually, net of investment related expenses.

Mortality:
Healthy Active Lives:
Female: PubS.H-2010 for Employees, set forward one year.
Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives:
Female: PubS.H-2010 for Healthy Retirees, set forward one year.
Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
Beneficiary Lives:
Female: PubG.H-2010 for (Below Median) Healthy Retirees.
Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.
Disabled Lives:
80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.

Retirement Age:

Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
0	20%
1-4	5%
5 or more	100%

Disability Rate Table:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%
55	0.36%
60	0.90%

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2023

For the Year Ending September 30,	Police Plan	Fire Plan
2023	14.40%	14.37%
2022	-18.33%	-18.41%
2021	20.91%	20.41%
2020	11.08%	10.43%
2019	3.95%	3.82%
2018	9.76%	9.27%
2017	12.32%	11.83%
2016	10.62%	10.10%
2015	-1.48%	-1.52%
2014	10.40%	9.98%

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Agency / Pass-Through Entity / Federal Program	AL Number	Contract / Grant Number	Expenditures	Amounts Passed to Subrecipients
FEDERAL AWARDS				
U.S. Department of Treasury				
Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5084	$ 858,961	$ 186,500
Total U.S. Department of Treasury			858,961	186,500
U.S. Department of Justice				
Indirect Programs:				
Passed-Through State of Florida, Department of Legal Affairs - Office of the Attorney Division				
Victims of Crime Act	16.575	VOCA-2022-Flagler Beach Police Department-00381	97,814	-
U.S. Department of Homeland Security / Federal Emergency Management Administration				
Indirect Programs:				
Passed through Florida Executive Office of the Governor				
Hazard Mitigation Grant	97.039	H0933	17,026	-
Hazard Mitigation Grant - RFR #1 Wickline Mitigation Repairs	97.039	H0841	212,388	-
Hazard Mitigation Grant - RFR #2 Windows & Doors - Wind Tech	97.039	H0841	100,500	-
Total U.S. Department of Homeland Security / Federal Emergency Management Administration			329,914	-
U.S. Department of Federal Emergency Management Agency				
Passed through State of Florida, Division of Emergency Management:				
Hurricane Matthew Declaration	97.036	DR4283 - Hurricane Matthew PW 920	573,694	-
Hurricane Ian Declaration	97.036	DEM-22-HL-2022-18-AG-B0121	139,281	-
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			712,975	-
Total Federal Awards			$ 1,999,664	$ 186,500

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

CITY OF FLAGLER BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

(1) **Basis of Presentation:**

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

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Deferred FEMA Expenditures**

During the fiscal years ended September 30, 2022 and 2023, the City incurred substantial costs related to Hurricanes Ian and Nicole. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under ALN 97.036 are not to be recognized as expenditures for purposes of the Schedule of Expenditures of Federal Awards until the respective Project Worksheets (PW) have been approved. At September 30, 2023, only some of the City's PWs from these storms had been approved by FEMA. As a result, there are $378,244 of expenditures and related revenues which have been recorded for financial statement purposes and not on the Schedule of Expenditures of Federal Awards; these expenditures will be recognized on the Schedule of Expenditures of Federal Awards in future years once approved by FEMA.

(5) **Contingency:**

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

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. **Summary of Auditors' Results:**

Financial Statements:

Type of audit report issued on the financial statements:	*Unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	_X_ no
Significant deficiency(ies) identified?	_X_ yes	____ none reported
Noncompliance material to financial statements noted?	____ yes	_X_ no

Federal Awards:

Internal control over major Federal programs:		
Material weakness(es) identified?	____ yes	_X_ no
Significant deficiency(ies) identified?	____ yes	_X_ none reported
Type of auditors' report issued on compliance for major Federal programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	_X_ none reported
Auditee qualified as a low-risk auditee?	____ yes	_X_ no
Dollar threshold used to distinguish between type A and type B programs:		$750,000

Identification of major Federal programs:

AL Number	Program Name
21.027	COVID-19 - CSLFRF

B. **Financial Statement Findings:**

2023-001 Preparation of Financial Statements

Criteria: Professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) provide a system of internal control over financial reporting should allow the City to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP).

Condition: During preliminary evaluation of City personnel skills, knowledge, and experience as well as preliminary discussions with those responsible for overseeing the audit and nonattest services, it was determined that the City does not have an individual who possesses the level of skills, knowledge, and experience to prepare the financial statements in their entirety. The City relied on us to provide extensive cash-to-accrual assistance as well as assistance in preparation of supporting schedules such as depreciation schedules. Management did review, approve, and accept responsibility for those financial statements prior to their issuance.

Cause: The City faced difficulties in filling the Finance Director position in the previous year, hiring from within which continued to put further strain on the already limited resources of the department.

Effect: Management decisions based on financial reporting, such as budgetary matters, could be based on incomplete or incorrect information.

Recommendation: We recommend management continue to further its understanding of GASB and review the current year journal entries identified by the audit to develop a plan for ensuring such areas are properly tracked and internally adjusted in future years prior to the start of the audit. It is noted that the City hired a new Finance Director in February 2024 that brought the Finance Department to full employment with the Assistance Finance Director returning to her previous role, and that all key department employees attended annual government training to further education.

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

D. **Summary Schedule of Prior Audit Findings:** See schedule of prior audit findings on page 72.

E. **Corrective Action Plan:** See Management's Response to Findings on page 76.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Honorable Mayor, City Commission, and City Manager,
City of Flagler Beach, Florida:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Flagler Beach, Florida's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 13, 2024

OTHER REPORTS

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 Flagler 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flagler Beach, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the table of contents. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
June 13, 2024

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 Flagler Beach, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Flagler Beach, Florida (the City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 13, 2024.

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated June 13, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Current year comments 2023-001 through 2023-002 remain uncorrected from the second preceding audit. The following is a summary of prior year findings and recommendations:

2022-001 OPEB Census Data – Corrective action taken.

2020-002, 2021-002 and 2022-002 Information Technology Matters – Corrective action taken.

2020-003, 2021-003 and 2022-003 Journal Entry Controls – Corrective action taken.

2020-004, 2021-004 and 2022-004 Fund Balance Policy – Corrective action taken.

2020-005, 2021-005 and 2022-005 Deficit Unrestricted Net Position – Comment remains uncorrected from the preceding audit; see repeat comment 2023-002.

2022-006 Preparation of financial statements – Comment remains uncorrected from the preceding audit; see repeat comment 2023-001.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

2023-002 Deficit Unrestricted Net Position

The City's Pier Fund has a Deficit Unrestricted Net Position of $243,755 which was created by recurring losses in the Pier Fund. On the Statement of Net Position, the Pier Fund has recorded an advance from the General Fund of $688,043 to subsidize the recurring losses. We recommend exploring options for the Pier Fund to either pay back the General Fund, or consider transferring the balance from the General Fund to the Pier Fund and rectify the Deficit Unrestricted Net Position.

2023-003 Unexpended Fund Balance – Building Permits

Section 553.80(7)(a), Florida Statutes, limits the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The City's unexpended building permit funds in the Building Department Fund at September 30, 2023, exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years by approximately $400,000. We recommend the City identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes.

Special District Component Units

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

Specific Special District Information – CRAs

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Flagler Beach Community Redevelopment Agency have been reported in the separately-issued audited financial statements.

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.

Management's Response to Findings

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

Purpose of this Letter

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

James Moore & Co., P.L.

Daytona Beach, Florida
June 13, 2024

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Flagler Beach, Florida:

We have examined the City of Flagler Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies (the Statute),* for the year ended September 30, 2023. Management is responsible for the City's compliance with the Statute. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

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

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

In our opinion, the City of Flagler Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

James Moore & Co., P.L.

Daytona Beach, Florida
June 13, 2024

Management's Responses to Findings

2023-001 Preparation of Financial Statements

The City agrees that more training is needed for the individual that oversees the preparation of the financial statements. The Finance Department began a restructure in Fiscal Year 2020-21, by adding two new positions, Assistant to the Finance Director and a Special Projects and Grant Coordinator in hopes to make the succession process easier. In June 2022, an Interim Finance Director was appointed after the decision to retire was made by the previous Finance Director of more than 14 years. The Interim Finance Director was later hired as the Finance Director in November 2022 with several years of Business Accounting experience, but only a few months of experience in Governmental Accounting. This lack of up-to-date training and experience in Governmental Fund accounting, created the need for assistance and support to prepare the financial statements and the supporting schedules for year-end close and audit. In order to remedy the situation, a post audit review will be completed with James Moore in order to identify areas of opportunity. Additional training through the FGFOA/GFOA will take place as well as governmental accounting classes. An introduction to governmental accounting class has been completed, with the intention to complete the second class in the introductory governmental accounting and then the intermediate governmental accounting series.

2023-002 Deficit Unrestricted Net Position

The City created an Enterprise fund for Pier Operations with the intention of the Pier becoming self-supporting. The Pier fund in the past, has not been self-supporting and has been subsidized by the General Fund. The pier has been closed since Oct. 2022 due to severe damage and safety issues from Hurricane Ian. The bait shop has closed as of June 1, 2023. The draft budget for 23/24 reflects a self-supporting fund. Demolition and reconstruction of the pier will start in 2024, with an anticipated completion date of February 2026. The City plans to explore options for the Pier Fund to pay back the General Fund.

2023-003 Unexpended Fund Balance - Building Permits

Due to the increase in excess fund balance in the building fund, the City is exploring what projects to complete by YE24 to decrease the fund balance. One large project on the forefront includes renovations to the building. Alternatively, the department is planning to add additional staffing resources to meet the demands for the ongoing growth throughout the City. The Department is planning to add one additional building inspector as well as an administrative assistant.

Attachment 07
FY24 Audited Financial Report

CITY OF FLAGLER BEACH, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

CITY OF FLAGLER BEACH, FLORIDA
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Flagler Beach, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flagler Beach, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Statement

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida
April 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Flagler Beach, Florida (hereinafter referred to as the "City") offers the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2024. This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify any significant changes in financial position. The City encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section.

Financial Highlights

- The total assets of the City exceeded its liabilities at the close of the most recent fiscal year by $71,275,474 (net position). Of this amount, $17,986,018 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $6,869,628 in fiscal year 2024. Net position of the City's governmental activities increased (decreased) by $609,585, while net position of its business type activities increased (decreased) by $6,260,043.

- The City's governmental funds reported a combined ending fund balance of $10,176,917 at the end of the current fiscal year, which increased (decreased) by $374,393 in comparison to the $9,802,524 reported at the end of the prior fiscal year. Of this amount, $3,251,485 is available for spending at the City's discretion (unassigned fund balance).

- At the end of the 2024 fiscal year, unassigned fund balance for the General Fund was $3,251,485 or 31% of the total fiscal year 2024 General Fund expenditures of $10,573,931.

- The City's total long-term debt obligations decreased approximately $639,000 during the fiscal year, due to standard payments on long-term debt. The City's combined long-term commitment for compensated absences totaled $516,258 at year-end.

Overview of the Financial Statements

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

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

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

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

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

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

Government-Wide Financial Statements

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

- A statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of its fiscal year, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.

- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government services, public safety (police, fire, and building inspection), roads and streets, physical environment (Community Redevelopment Agency), and culture and recreation. The business-type activities of the City include its water and sewer utility, stormwater utility, sanitation, and pier activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 14 and 16.

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and community redevelopment fund both of which are considered to be major funds.

Proprietary Funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The City's enterprise funds (water and sewer utility, stormwater utility, pier, and sanitation) are the items included in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data. The basic proprietary fund financial statements can be found on pages 17 to 19 of this report.

Fiduciary Funds. Funds held in trust on behalf of the City's defined benefit pension plans, which account for the plan contribution activity, investment income, and benefit payments to retirees. The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's combined total assets exceeded liabilities (net position) by $71,275,474 at the end of 2024, compared to $64,405,846 at the end of 2023. This represents a total increase of $6,869,628 or 8% from the amount reported at the end of the prior fiscal year.

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

Net Position
September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	$ 11,914,704	$ 11,890,484	$ 19,494,250	$ 16,740,943	$ 31,408,954	$ 28,631,427
Net pension asset	261,907	47,284	-	-	261,907	47,284
Capital and lease assets	10,495,704	10,406,882	35,421,886	32,751,656	45,917,590	43,158,538
Total assets	$ 22,672,315	$ 22,344,650	$ 54,916,136	$ 49,492,599	$ 77,588,451	$ 71,837,249
DEFERRED OUTFLOWS	$ 1,459,588	$ 2,029,019	$ 8,101	$ 5,842	$ 1,467,689	$ 2,034,861
LIABILITIES						
Current liabilities	$ 1,915,895	$ 2,222,899	$ 1,365,268	$ 1,526,239	$ 3,281,163	$ 3,749,138
Noncurrent liabilities:	2,081,306	2,564,806	2,127,432	2,755,856	4,208,738	5,320,662
Total liabilities	$ 3,997,201	$ 4,787,705	$ 3,492,700	$ 4,282,095	$ 7,489,901	$ 9,069,800
DEFERRED INFLOWS	$ 155,865	$ 216,712	$ 134,814	$ 179,752	$ 290,679	$ 396,464
NET POSITION						
Net investment in capital assets	$ 9,871,881	$ 9,758,623	$ 32,707,966	$ 29,365,671	$ 42,579,847	$ 39,124,294
Restricted	4,039,118	5,576,468	6,670,577	5,938,378	10,709,695	11,514,846
Unrestricted	6,067,838	4,034,161	11,918,180	9,732,545	17,986,018	13,766,706
Total net position	$ 19,978,837	$ 19,369,252	$ 51,296,723	$ 45,036,594	$ 71,275,560	$ 64,405,846

The most significant component of the City's net position (approximately 60%) is, by far, its investment in capital assets (land, infrastructure, buildings, and equipment), less any related debt used to acquire or construct those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (15%) represents resources that are subject to external restrictions on how they may be used. Consequently, the remaining 25% of unrestricted net position, represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, and totaled $17,699,234 at year-end, compared to $13,766,706 in 2023. The main reason for the increase from prior year is related to increases in charges for services revenue and an increase in grant revenues which has been offset by increased related expenses.

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2024, total revenues were $23,985,730 compared to $22,724,869 in the prior year. Approximately 25% of the City's revenue came from property taxes, 10% from other taxes and fees, 44% came from fees charged for services, and most of the remaining revenue included state and federal financial assistance and other miscellaneous revenues.

During 2024, expenses were $17,116,016 as opposed to $17,708,690 in the prior year, for a decrease of approximately 3%. Governmental Funds experienced a decrease of approximately $700,000 in total expenditures for the year, primarily due to hurricane related. Business Type Funds experienced an increase of approximately $115,000 in total expenditures for the year. The City had several large utility projects in process in 2024, notably a well construction, purchase of a screw press, lift station, and pump station rehabs and purchase and installation of manhole rings and covers..

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

Changes in Net Position
For the Fiscal Years Ended September 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Property taxes	$ 5,950,565	$ 5,411,348	$ -	$ -	$ 5,950,565	$ 5,411,348
Other taxes and fees	2,330,817	2,240,690	-	-	2,330,817	2,240,690
Charges for services	1,305,365	1,202,175	9,213,304	9,059,022	10,518,669	10,261,197
Intergovernmental and grants	692,469	1,572,438	2,725,203	2,007,885	3,417,672	3,580,323
Other revenues	1,046,072	853,732	721,935	377,579	1,768,007	1,231,311
Total revenues	11,325,288	11,280,383	12,660,442	11,444,486	23,985,730	22,724,869
EXPENSES						
General government	3,431,142	3,871,399	-	-	3,431,142	3,871,399
Public safety	5,214,376	5,330,104	-	-	5,214,376	5,330,104
Roads and streets	238,563	374,089	-	-	238,563	374,089
Physical environment - CRA	197,959	259,577	-	-	197,959	259,577
Culture and recreation	623,265	575,692	-	-	623,265	575,692
Water and sewer	-	-	4,628,259	4,512,930	4,628,259	4,512,930
Sanitation	-	-	1,782,635	1,861,865	1,782,635	1,861,865
Stormwater	-	-	696,160	386,470	696,160	386,470
Pier	-	-	293,259	524,572	293,259	524,572
Interest expense	10,398	11,992	-	-	10,398	11,992
Total expenses	9,715,703	10,422,853	7,400,313	7,285,837	17,116,016	17,708,690
Income before transfers	1,609,585	857,530	5,260,129	4,158,649	6,869,714	5,016,179
Transfers	(1,000,000)	-	1,000,000	-	-	-
Change in net position	609,585	857,530	6,260,129	4,158,649	6,869,714	5,016,179
Net position, beginning of year, as restated	19,369,252	18,511,722	45,036,594	40,877,945	64,405,846	59,389,667
Net position, end of year	$ 19,978,837	$ 19,369,252	$ 51,296,723	$ 45,036,594	$ 71,275,560	$ 64,405,846

Governmental Activities

Revenues for the City's governmental activities totaled $11,325,288 in 2024. This represents an increase of $44,905 more than last year's reported revenues of $11,280,383 and is primarily related to the receipt of FEMA reimbursement and insurance proceeds from hurricane related expenses.

Governmental activities expenses totaled $9,715,703, which is a decrease of about $700,000 from the prior year due to hurricane related expenses. There was also a $1,000,000 increase in transfers out for a transfer to replenish the Pier Fund deficit.

Business-Type Activities

The major source of operating revenues for the City's business-type activities is charges for services (water and sewer, stormwater, sanitation, and pier), which during the year increased to a total of about $154,000 more than the charges for services of $9,059,022 in 2023. Other revenues increased due to FEMA and insurance reimbursement for hurricane related expenses.

Total operating expenses of the proprietary funds fund in 2024 and totaled $7,400,313, compared to $7,285,837 in 2024, an increase of approximately $115,000, primarily due to increased Capital projects in Utilities and Stormwater Funds. There was also a $1,000,000 increase in transfers in for a transfer to replenish the Pier Fund deficit from the General Fund.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the City completed the year, its governmental funds reported a combined fund balance of $10,176,917, which was an increase (decrease) of $374,393 compared with the amount reported last year. This was primarily due FEMA and insurance reimbursements received.

The general fund is the chief operating fund of the City. As of September 30, 2024, the unassigned fund balance in the general fund totaled $3,251,485. This unassigned fund balance represents approximately 31% of the City's spending requirements experienced during 2024.

The City's community redevelopment fund had a fund balance of $629,567 at the end of the year, an increase of about $188,000 from the prior year. All amount held in this fund are restricted for reinvestment in the community redevelopment district.

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

Charges for services in the proprietary funds increased about $154,000 from the prior year due to rate increases.

General Fund Budgetary Highlights

The tax revenues brought in about $300K more than originally budgeted, and intergovernmental revenues brought in about $434,000 more than originally budgeted. Tax revenues increased due to collection of additional Ad Valorem taxes collected above the 95% budgeted as well as the increased receipt of FPL franchise and service tax. Intergovernmental revenue included FEMA revenue and additional lifeguard grant funds received from the county.

All of these factors combined resulted in $186,023 increase (decrease) to General Fund Balance for Fiscal Year 2024.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2024, the City had nearly $46 million invested in a broad range of capital assets, including land, buildings, park facilities, police equipment, public works equipment and water lines. See Note (6) for further information on the City's capital assets.

Long-Term Debt. The City has various notes and bonds payable totaling $2,795,027 at year-end, compared to $3,432,061 one year earlier. The proceeds of these loans, which were drawn in increments over various preceding years, were to fund utility projects as well as refund prior bonds and notes payable. Under these agreements, the City must repay these loans with semiannual payments.

More detailed information about the City's long-term debt is presented in Note (8) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- Property values continue to increase slightly; this was considered by the City Commission with the adopted rate of 5.450. The rollback rate was 4.9792.

- Flagler Beach's economy normally thrives on tourism; however, new development construction projects to include hotel construction, reconstruction of the pier, beach dune walk and renourishment projects are creating a decrease in tourism.

- Development on the John Anderson Corridor and Roberts Road, which is located in unincorporated Flagler County is underway, the City plans to provide water and sewer to this area per an Inter-local Agreement with Flagler County. Commercial and residential development within the City continues to increase which has been reflected in our revenues.

In summary, the City's financial position is experiencing an influx of new growth so, the economic and financial condition of the city remains strong and continues to get stronger due to grants, increased governmental revenues and charges for services delivered.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City of Flagler Beach, Finance Department Director, 105 South Second Street, Flagler Beach, FL 32136. Information can also be obtained at the City's website at www.cityofflaglerbeach.com.

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 11,802,150	$ 9,297,494	$ 21,099,644
Receivables, net	225,802	1,279,936	1,505,738
Internal balances	(527,457)	527,457	-
Due from other governments	381,158	1,490,261	1,871,419
Lease receivable	-	147,404	147,404
Prepaids	33,051	59,539	92,590
Restricted assets:			
Cash and cash equivalents	-	287,376	287,376
Investments	-	6,302,720	6,302,720
Special assessments receivable	-	101,977	101,977
Net pension assets	261,907	-	261,907
Capital assets:			
Capital assets, not being depreciated	2,706,878	6,088,833	8,795,711
Other capital assets, net of depreciation and amortization	7,788,826	29,333,053	37,121,879
Total assets	22,672,315	54,916,050	77,588,365
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,444,779	-	1,444,779
Deferred outflows related to OPEB	14,809	8,101	22,910
Total deferred outflows	1,459,588	8,101	1,467,689
LIABILITIES			
Accounts payable and accrued liabilities	885,502	596,591	1,482,093
Customer deposits	1,001	219,270	220,271
Unearned revenue	851,284	-	851,284
Accrued interest payable	-	227	227
Noncurrent liabilities:			
Due within one year:			
Notes payable	-	482,723	482,723
Lease liability	-	2,646	2,646
Compensated absences	178,108	63,811	241,919
Due in more than one year:			
Notes payable	347,000	1,965,304	2,312,304
Lease liability	-	5,536	5,536
Compensated absences	248,045	26,294	274,339
Total OPEB liability	238,178	130,298	368,476
Net pension liability	1,248,083	-	1,248,083
Total liabilities	3,997,201	3,492,700	7,489,901
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	155,865	-	155,865
Deferred inflows related to leases	-	134,814	134,814
Total deferred inflows of resources	155,865	134,814	290,679
NET POSITION			
Net investment in capital assets	9,871,881	32,707,966	42,579,847
Restricted for:			
Infrastructure	2,127,858	6,670,577	8,798,435
Pensions	261,907	-	261,907
Law enforcement	3,296	-	3,296
Building department	1,016,490		1,016,490
Community redevelopment	629,567	-	629,567
Debt service	-	-	-
Unrestricted	6,067,838	11,918,094	17,985,932
Total net position	$ 19,978,837	$ 51,296,637	$ 71,275,474

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

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 3,431,142	$ 143,778	$ 27,838	$ 86,367	$ (3,173,159)	$ -	$ (3,173,159)
Public safety	5,214,376	1,120,546	201,784	-	(3,892,046)	-	(3,892,046)
Physical environment - CRA	197,959	-	-	-	(197,959)	-	(197,959)
Roads and streets	238,563	-	218,340	-	(20,223)	-	(20,223)
Culture and recreation	623,265	41,041	-	-	(582,224)	-	(582,224)
Interest on long-term debt	10,398	-	-	-	(10,398)	-	(10,398)
Total governmental activities	9,715,703	1,305,365	447,962	86,367	(7,876,009)	-	(7,876,009)
Business-type activities:							
Water and sewer	4,628,259	6,524,617	-	2,387,435	-	4,283,793	4,283,793
Sanitation	1,782,635	1,702,444	-	57,150	-	(23,041)	(23,041)
Stormwater	696,160	820,207	-	95,794	-	219,841	219,841
Pier	293,259	165,950	-	184,824	-	57,515	57,515
Total business-type activities	7,400,313	9,213,218	-	2,725,203	-	4,538,108	4,538,108
Total primary government	$ 17,116,016	$ 10,518,583	$ 447,962	$ 2,811,570	(7,876,009)	4,538,108	(3,337,901)
General revenues:							
Property taxes					5,950,565	-	5,950,565
Sales taxes					233,514	-	233,514
Infrastructure surtax					278,478	-	278,478
Communications service tax					201,934	-	201,934
Casualty and fire insurance premium taxes					185,773		185,773
Public service taxes					1,004,083	-	1,004,083
Franchise fees					427,035	-	427,035
State revenue sharing					158,140	-	158,140
Investment earnings (loss)					581,853	721,934	1,303,787
Miscellaneous revenues					460,626	1	460,627
Gain on sale of capital assets					3,593	-	3,593
Transfers					(1,000,000)	1,000,000	-
Total general revenues and transfers					8,485,594	1,721,935	10,207,529
Change in net position					609,585	6,260,043	6,869,628
Net position - beginning of year					19,369,252	45,036,594	64,405,846
Net position - ending of year					$ 19,978,837	$ 51,296,637	$ 71,275,474

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

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

	General	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 11,136,493	$ 663,232	$ 2,425	$ 11,802,150
Receivables, net	225,802	-	-	225,802
Due from other governments	381,158	-	-	381,158
Due from other funds	19,001	-	-	19,001
Prepaid items	33,051	-	-	33,051
Total assets	$ 11,795,505	$ 663,232	$ 2,425	$ 12,461,162
LIABILITIES				
Accounts payable and accrued liabilities	$ 849,412	$ 33,665	$ 2,425	$ 885,502
Customer deposits	1,001	-	-	1,001
Unearned revenue	851,284	-	-	851,284
Due to other funds	546,458	-	-	546,458
Total liabilities	2,248,155	33,665	2,425	2,284,245
FUND BALANCES				
Nonspendable:				
Prepaid items	33,051	-	-	33,051
Restricted for:				
Law enforcement	3,296	-	-	3,296
Building department	1,016,490	-	-	1,016,490
Infrastructure - capital assets	2,127,858	-	-	2,127,858
Community redevelopment projects	-	629,567	-	629,567
Assigned to:				
Beach related purchases	5,226	-	-	5,226
Park improvements	55,010	-	-	55,010
Land purchases	26,502	-	-	26,502
City-wide cameras	108,070	-	-	108,070
Dune protection	120,000	-	-	120,000
Street lighting	202,975	-	-	202,975
Fire truck	141,458	-	-	141,458
Police and fire radios	120,000	-	-	120,000
Fire equipment	139,414	-	-	139,414
Paving	287,915	-	-	287,915
Subsequent year's budget	1,908,600	-	-	1,908,600
Unassigned	3,251,485	-	-	3,251,485
Total fund balances	9,547,350	629,567	-	10,176,917
Total liabilities and fund balances	$ 11,795,505	$ 663,232	$ 2,425	$ 12,461,162

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

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

Fund balances - total governmental funds		$ 10,176,917
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	22,577,209	
Less: accumulated depreciation	(12,081,505)	10,495,704
On the governmental fund statements, a net pension asset (liability) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension asset (liability) of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension asset	261,907	
Deferred outflows related to pensions	1,444,779	
Deferred inflows related to pensions	(155,865)	302,738
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows related to OPEB are also reported.		
Total OPEB liability	(238,178)	
Deferred outflows related to OPEB	14,809	(223,369)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Bonds and notes payable	(347,000)	
Compensated absences	(426,153)	(773,153)
Net position of governmental activities		$ 19,978,837

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

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

	General	Community Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 7,128,992	$ 539,582	$ -	$ 7,668,574
Permits and fees	1,605,705	-	-	1,605,705
Intergovernmental	878,242	-	-	878,242
Charges for services	9,701	-	-	9,701
Fines and forfeitures	96,589	-	-	96,589
Investment income (loss)	577,298	4,555	-	581,853
Miscellaneous	462,281	-	-	462,281
Total revenues	10,758,808	544,137	-	11,302,945
Expenditures				
Current:				
General government	2,678,185	-	-	2,678,185
Public safety	5,086,308	-	-	5,086,308
Roads and streets	212,422	-	-	212,422
Physical environment	-	197,959	-	197,959
Culture and recreation	519,321	-	-	519,321
Capital outlay	1,077,695	83,410	-	1,161,105
Debt service:				
Principal retirement	-	64,000	-	64,000
Interest and fiscal charges	-	10,398	-	10,398
Total expenditures	9,573,931	355,767	-	9,929,698
Excess (deficiency) of revenues over expenditures	1,184,877	188,370	-	1,373,247
Other financing sources (uses)				
Transfers out	(1,000,000)	-	-	(1,000,000)
Sale of capital assets	1,146	-	-	1,146
Total other financing sources (uses)	(998,854)	-	-	(998,854)
Net change in fund balances	186,023	188,370	-	374,393
Fund balances, beginning of year	9,361,327	441,197	-	9,802,524
Fund balances, end of year	$ 9,547,350	$ 629,567	$ -	$ 10,176,917

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

CITY OF FLAGLER 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, 2024

Net change in fund balances - total governmental funds	$	374,393
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		1,161,105
Depreciation expense		(1,072,283)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of general long-term debt and lease liabilities		64,000
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.		
Change in net pension asset/liability and deferred inflows/outflows related to pensions		191,063
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:		
Change in compensated absences liability		(145,607)
Change in total OPEB liability and deferred outflows related to OPEB		36,914
Change in net position of governmental activities	$	609,585

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

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

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Sanitation	Stormwater	Pier	Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,688,099	$ -	$ 121,226	$ -	$ 1,809,325
Investments	5,872,744	990,430	624,995	-	7,488,169
Accounts receivable, net	1,028,380	159,689	73,896	17,971	1,279,936
Due from other governments	1,149,513	26,729	129,195	184,824	1,490,261
Leases receivable	-	-	-	147,404	147,404
Prepaid items	3,322	-	-	56,217	59,539
Due from other funds	483,305	85,228	43,143	311,957	923,633
Restricted current assets					
Cash and cash equivalents	287,376	-	-	-	287,376
Total current assets	10,512,739	1,262,076	992,455	718,373	13,485,643
Noncurrent assets:					
Restricted cash and investments	6,302,720	-	-	-	6,302,720
Special assessments receivable - restricted	101,977	-	-	-	101,977
Capital assets:					
Capital assets, not being depreciated	3,211,129	-	1,858,145	1,019,559	6,088,833
Other capital assets, net of depreciation and amortization	22,631,672	885,486	4,546,105	1,269,790	29,333,053
Total noncurrent assets	32,247,498	885,486	6,404,250	2,289,349	41,826,583
Total assets	42,760,237	2,147,562	7,396,705	3,007,722	55,312,226
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to OPEB	5,189	2,172	740	-	8,101
Total deferred outflows of resources	5,189	2,172	740	-	8,101
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	452,975	68,693	71,882	3,041	596,591
Deposits	210,270	-	-	9,000	219,270
Due to other funds	147,372	239,880	-	8,924	396,176
Compensated absences	47,819	11,937	4,055	-	63,811
Current maturities of lease liability	-	-	-	2,646	2,646
Accrued interest payable	-	-	-	227	227
Payable from restricted assets:					
Current maturities on long-term debt	482,723	-	-	-	482,723
Total current liabilities	1,341,159	320,510	75,937	23,838	1,761,444
Noncurrent liabilities:					
Notes payable	1,417,304	-	548,000	-	1,965,304
Lease liability	-	-	-	5,536	5,536
Compensated absences	21,104	4,046	1,144	-	26,294
Total OPEB liability	83,462	34,939	11,897	-	130,298
Total noncurrent liabilities	1,521,870	38,985	561,041	5,536	2,127,432
Total liabilities	2,863,029	359,495	636,978	29,374	3,888,876
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	-	-	-	134,814	134,814
Total deferred inflows of resources	-	-	-	134,814	134,814
NET POSITION					
Net investment in capital assets	23,722,127	885,486	5,819,186	2,281,167	32,707,966
Restricted for capital expansion	6,670,577	-	-	-	6,670,577
Unrestricted	9,509,693	904,753	941,281	562,367	11,918,094
Total net position	$ 39,902,397	$ 1,790,239	$ 6,760,467	$ 2,843,534	$ 51,296,637

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

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

	Business-type Activities - Enterprise Funds				
	Water & Sewer	**Sanitation**	**Stormwater**	**Pier**	**Total**
Operating revenues					
Charges for services	$ 6,456,579	$ 1,675,104	$ 813,444	$ 165,000	$ 9,110,127
Other revenues	68,038	27,340	6,763	950	103,091
Total operating revenues	6,524,617	1,702,444	820,207	165,950	9,213,218
Operating expenses					
Personal services	1,800,736	676,364	225,657	225	2,702,982
Operating expenses	1,469,001	886,964	282,824	125,873	2,764,662
Depreciation and amortization	1,315,516	219,307	171,234	166,906	1,872,963
Total operating expenses	4,585,253	1,782,635	679,715	293,004	7,340,607
Operating income (loss)	1,939,364	(80,191)	140,492	(127,054)	1,872,611
Nonoperating revenues (expenses)					
Investment earnings (loss)	635,877	68,410	17,647	-	721,934
Gain (loss) on disposition of capital assets	1	-	-	-	1
Interest expense	(43,006)	-	(16,445)	(255)	(59,706)
Total nonoperating revenues (expenses)	592,872	68,410	1,202	(255)	662,229
Income (loss) before contributions and transfers	2,532,236	(11,781)	141,694	(127,309)	2,534,840
Capital contributions	668,365	-	-	-	668,365
Capital grants	1,719,070	57,150	95,794	184,824	2,056,838
Transfers out	-	-	-	1,000,000	1,000,000
Change in net position	4,919,671	45,369	237,488	1,057,515	6,260,043
Net position, beginning of year, as restated	34,982,726	1,744,870	6,522,979	1,786,019	45,036,594
Net position, end of year	$ 39,902,397	$ 1,790,239	$ 6,760,467	$ 2,843,534	$ 51,296,637

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

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

	Business-type Activities - Enterprise Funds				
	Water & Sewer	Sanitation	Stormwater	Pier	Total
Cash flows from operating activities					
Cash received from customers	$ 5,434,158	$ 1,677,457	$ 736,382	$ 376,537	$ 8,224,534
Cash paid to employees	(1,821,604)	(685,752)	(230,161)	(225)	(2,737,742)
Cash paid to suppliers	(1,351,510)	(1,072,331)	(218,728)	(309,637)	(2,952,206)
Net cash provided by (used in) operating activities	2,261,044	(80,626)	287,493	66,675	2,534,586
Cash flows from noncapital financing activities					
Transfers to other funds	-	-	-	1,000,000	1,000,000
Intergovernmental grant proceeds	1,719,070	57,150	95,794	184,824	2,056,838
Interfund loans	(451,296)	222,292	(9,092)	(991,076)	(1,229,172)
Net cash provided by (used in) noncapital financing activities	1,267,774	279,442	86,702	193,748	1,827,666
Cash flows from capital and related financing activities					
Impact fees	668,365	-	-	-	668,365
Acquisition and construction of capital assets	(3,637,781)	(234,263)	(396,003)	(269,941)	(4,537,988)
Proceeds from sale of capital assets	1	-	-	-	1
Principal payments of long-term debt	(471,034)	-	(102,000)	-	(573,034)
Payments on lease liability	-	-	-	(2,568)	(2,568)
Interest paid	(43,006)	-	(16,445)	(327)	(59,778)
Net cash provided by (used in) capital and related financing activities	(3,483,455)	(234,263)	(514,448)	(272,836)	(4,505,002)
Cash flows from investing activities					
Interest received (loss)	635,877	68,410	17,647	-	721,934
Purchases of investments	(4,685,178)	-	(516,773)	-	(5,201,951)
Sales of investments	-	(67,227)	-	-	(67,227)
Net cash provided by (used in) investing activities	(4,049,301)	1,183	(499,126)	-	(4,547,244)
Net change in cash and cash equivalents	(4,003,938)	(34,264)	(639,379)	(12,413)	(4,689,994)
Cash and cash equivalents, beginning of year	5,059,045	34,264	760,605	17,618	5,871,532
Cash and cash equivalents, end of year	$ 1,055,107	$ -	$ 121,226	$ 5,205	$ 1,181,538
Cash and cash equivalents classified as:					
Unrestricted	$ 1,688,099	$ -	$ 121,226	$ -	$ 1,809,325
Restricted	287,376	-	-	-	287,376
Total cash and cash equivalents	$ 1,975,475	$ -	$ 121,226	$ -	$ 2,096,701
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 1,939,364	$ (80,191)	$ 140,492	$ (127,054)	$ 1,872,611
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,315,516	219,307	171,234	166,906	1,872,963
Changes in assets and liabilities:					
Accounts receivable	(120,118)	1,170	(2,442)	2,957	(118,433)
Due from other governments	(980,303)	(26,157)	(81,383)	209,195	(878,648)
Lease receivable	-	-	-	(1,565)	(1,565)
Special assessments receivable	4,666	-	-	-	4,666
Prepaid items	1,265	1,826	-	(4,119)	(1,028)
Accounts payable and accrued liabilities	116,226	(187,193)	64,096	(179,645)	(186,516)
Deposits	5,296	-	-	-	5,296
Compensated absences	(7,933)	(3,974)	(2,659)	-	(14,566)
Total OPEB liability	(12,935)	(5,414)	(1,845)	-	(20,194)
Net cash provided by (used in) operating activities	$ 2,261,044	$ (80,626)	$ 287,493	$ 66,675	$ 2,534,586

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	Pension Trust Funds
ASSETS	
Cash and cash equivalents with trustee	$ 403,904
Total cash and cash equivalents	403,904
Receivables	
State premium taxes	36,855
Total receivables	36,855
Investments, at fair value	
Mutual funds - equity	8,159,048
Mutual funds - fixed income	2,211,775
Total investments	10,370,823
Total assets	10,811,582
LIABILITIES	
Accounts payable	9,197
Total liabilities	9,197
NET POSITION	
Restricted for pensions	$ 10,802,385

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

CITY OF FLAGLER BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Pension Trust Funds
Additions	
Contributions:	
Employer	$ 584,644
Plan members	169,273
State - insurance premium taxes	185,773
Total contributions	939,690
Investment earnings (loss):	
Net appreciation (depreciation) in fair value of investments	2,011,278
Interest and dividends	208,044
Total investment earnings	2,219,322
Less: investment expense	(30,500)
Net investment income (loss)	2,188,822
Total additions	3,128,512
Deductions	
Benefit payments and refunds	298,357
Administrative expenses	86,999
Total deductions	385,356
Change in net position	2,743,156
Net position restricted for pensions, beginning of year	8,059,229
Net position restricted for pensions, end of year	$ 10,802,385

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 Flagler 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 and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City of Flagler Beach (City), Florida, Flagler County (County), a political subdivision incorporated in 1946, under the authority of Chapter 165 *Florida Statutes*, was established by Chapter 11.481 Laws of Florida Acts of 1925. The City operates under a Commission-Manager form of government and provides the following services, as authorized by the City Charter: public safety (police, fire, and building departments), highways and streets, culture/recreation, public improvements, planning and zoning, and general government services. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the government and its component units, entities for which the government is considered to be financial accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations and so, data from these units are combined with the data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City. The City has no discretely presented component units to report.

(b) **Blended component units**—The City has one blended component unit, as follows: The Flagler Beach Community Redevelopment Agency (the CRA) is operated by the City. The CRA was created by City Ordinance 95-24 and 97-21 pursuant to Florida Statute 163.387, for the purpose of rehabilitation, conservation and redevelopment of specific downtown areas of the City. Since the City is financially accountable for the activities of the CRA, its governing commission is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund.

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The Flagler Beach Community Redevelopment Agency Fund—The City's special revenue fund. It accounts for revenue sources that are legally restricted to expenditures for the CRA.

The City reports the following major proprietary funds:

Water and Sewer Fund—The Water and Sewer Fund accounts for the costs and recovery of costs in the form of user charges related to the production, treatment and distribution of potable water.

Sanitation Fund—The Sanitation Fund accounts for the costs and recovery of costs in the form of user charges related to the collection, treatment and disposal of sewage waste with the City.

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

Pier Fund—The Pier Fund accounts for the operations and maintenance of the City pier.

Additionally, the City reports the following fund types:

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

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

i. On or before July 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 made available to the public.

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 Commission must approve all inter-departmental budget amendments and/or appropriations transfers.

vii. Budgetary control is exercised at the department level.

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

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

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

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

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments including investments in the City's fiduciary funds are recorded at fair value based on quoted market values, except for the City's investments in the Florida PRIME portion of the State Investment Pool, which are reported at amortized cost, which approximates fair value.

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

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

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

(h) **Leases receivable**—When engaged in long-term leasing activity as the lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(i) **Prepaid items**—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.

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

(j) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	15 – 50 years
Improvements	10 – 50 years
Machinery and equipment	5 – 15 years
Infrastructure	40 years
Right-to-use lease	5 years

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

(l) **Leases**—The City leases submerged land and equipment, 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. 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 liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and (2) is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City's tax exempt market borrowing rate for 30 year fixed terms at the end of each year, which will be the rate utilized for the next calendar year. The City elected to use its incremental borrowing rate (IBR) of 3% as of September 30, 2023 for leases entered into beginning October 1, 2023.

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

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

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

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

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

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

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

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

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

It is the City's policy to allocate funds equivalent to a minimum of 25% of proposed General Fund budgeted expenditures and designate as emergency reserves to support General Fund emergency operations at the sole discretion of and as declared by the City Commission. The Utility Fund unrestricted net position will be 10% of proposed budgeted operating expenses, excess may be assigned to a rate stabilization fund or transferred to the Utility Capital Projects Fund. The Stormwater Fund unrestricted net position will be 10% of the proposed budgeted expenses, excess may be assigned for future system capital projects. The Sanitation Fund unrestricted net position will be 10% of proposed budgeted operating expenses, excess may be assigned to a rate stabilization fund.

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

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

The City has multiple items, deferred outflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category. Deferred outflows related to pensions are discussed further in Note (12) and deferred outflows related to OPEB are 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 represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available; deferred inflows relates to leases, as discussed further in Note (4); deferred inflows of resources related to pensions, as discussed further in Note (12); and deferred inflows of resources related to OPEB, as discussed further in Note (11).

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

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

(q) **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.

(r) **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.

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

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

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

(3) **Deposits and Investments:**

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

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

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

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

Direct obligations of the United States Treasury

Deposits include cash on hand and amounts held in the City's demand accounts. At September 30, 2024, the carrying amount of the City's deposits was $3,388,883. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

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

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

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

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

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

The City invests temporarily idle resources in the Local Government Investment Pool (State Pool). The State Pool is administered by the Florida Prime Investment Pool, who provides regulatory oversight. Florida Prime Investment Pool (Florida PRIME) is 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 Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, 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; 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.

The City has investments in Florida Municipal Investment Trust (FMIT). The FMIT is an external pool established in 1993 and administered by the Florida League of Cities, Inc. pursuant to the laws of the State of Florida. The FMIT is exempt from registration under the Securities Act of 1933, the Investment Company Act of 1940 and the Florida Securities and Investors Protection Act. Participants in the FMIT are limited to governmental entities in the State of Florida. The FMIT has adopted GASB Statement No. 31, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and the fair value of the City's position in the FMIT is the same as the fair value of the FMIT shares. The investment in the pool is not evidenced by securities that exist in physical or book entry form.

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

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

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

The following chart shows the City's cash and investment accounts by investment portfolios and their respective maturities (in years) and fair value measurement levels as of September 30, 2024:

Investment Type	Carrying Value	Weighted Average Maturity (years)	Credit Rating (Fitch)	Fair Value Hierarchy Classification
Pooled Funds – 0-2 Year High Quality Bond Fund	$ 2,932,494	0.90	AAAf/S1	Level 2
Pooled Funds – 1-3 Year High Quality Bond Fund	3,944,292	1.80	AAAf/S2	Level 2
Pooled Funds – Intermediate High Quality Bond Fund	1,691,815	4.90	AAAf/S3	Level 2
Florida PRIME	16,376,140	39 days	AAAm(S&P)	N/A
Cash and cash equivalents	2,744,999	N/A	NR	N/A
Total Portfolio	$ 27,689,740			

Pension Plan Investments

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

Police Plan—Money market accounts, fixed income investments rated "A" or better (10% individual issuer limitation), equities traded on a national stock exchange (5% issuer limitation), and pooled funds such as mutual funds and ETFs.

Fire Plan—Money market accounts, fixed income investments rated "A" or better (10% individual issuer limitation), equities traded on a national stock exchange (5% issuer limitation), and pooled funds such as mutual funds and ETFs.

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

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

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

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

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

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

Real Estate Funds—Valued based upon the underlying investments' most recent audited financial statements.

A summary of investments held at fair value as of September 30, 2024, is as follows:

	Fair Value	Level 1
Investments, at fair value		
Corporate equity securities	$ 8,159,048	$ 8,159,048
Mutual funds - fixed income	2,211,775	2,211,775
	$ 10,370,823	$ 10,370,823

The pension plans also held a total of $403,904 of cash and cash equivalents held in the pension trust funds.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The City's investment policy requires diversifying investments to control the risk of loss resulting from over-concentrations of assets in a specific maturity.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies and credit rating limitations are in place through the plan investment policies. All investments rated within the investment policy guidelines at September 30, 2024.

Concentration of Credit Risk: The City's pension plans have varying limitations on investment in single-issuers as discussed in the authorized investments note. At September 30, 2024, the investment portfolios met the single issuer limitations.

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

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

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to 25% percent of its investments in common stock, capital stock and convertible securities at market value in foreign securities. At September 30, 2024, the investment portfolios met the foreign securities limitations.

(4) **Accounts Receivable:**

The City's receivables consisted of the following at September 30, 2024:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund	$ 228,420	$ (2,618)	$ 225,802
Community Redevelopment Fund	-	-	-
Total – Governmental Activities	228,420	(2,618)	225,802
Business-Type Activities:			
Pier Fund	17,971	-	17,971
Water and Sewer Fund	1,117,546	(89,166)	1,028,380
Sanitation Fund	171,974	(12,285)	159,689
Stormwater Fund	78,827	(4,931)	73,896
Totals – Business-Type Activities	1,386,318	(106,382)	1,279,936
Totals	$ 1,614,738	$ (109,000)	$ 1,505,738

In addition to accounts receivable, the City also recorded $1,871,419 in due from other governments at September 30, 2024. These amounts reflect management's best estimate of recoveries based on costs incurred and approved projects, and are subject to change pending adjustments made by the respective Federal and/or State agencies.

The City also recorded special assessments receivable of $101,977, of which $58,927 represents the balance remaining as of September 30, 2024, on the financing by the property owners of the Morningside Subdivision for Sewer System Construction, which was completed during the year ended September 30, 2014, at an original amount financed totaling approximately $630,000.

In fiscal year 2014, pursuant to Resolutions 2013-05 and 2014-11, the City levied a special assessment for certain benefiting property owners to fund sanitary sewer improvements in the Morningside subdivision. The sanitary sewer improvements were constructed by the City, which retained ownership of the improvements. Related to the special assessment, the City entered into agreements with the individual property owners in the Morningside subdivision under which the City has financed and will collect $632,997 plus interest at 4.75% per annum from this special assessment to fund these improvements. At September 30, 2024, $101,977 of the original principal portion of the special assessment is reported as Special assessments receivable – restricted, and $7,592 was included with interest earnings in the Water & Sewer Fund.

(5) **Interfund Loans and Transfers:**

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2024, individual fund interfund receivables and payables for the primary government were comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund:		
Water and Sewer Fund	$ 19,001	$ 234,501
Pier Fund	-	311,957
Water and Sewer Fund:		
General Fund	234,501	19,001
Sanitation Fund	239,880	85,228
Stormwater Fund	-	43,143
Pier Fund	8,924	-
Sanitation Fund:		
Water and Sewer Fund	85,228	239,880
Stormwater Fund:		
Water and Sewer Fund	43,143	-
Pier Fund:		
General Fund	311,957	-
Water and Sewer Fund	-	8,924
Total – All Funds	$ 942,634	$ 942,634

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service funds to establish and maintain mandatory reserve and sinking fund accounts, (3) move revenues from proprietary fund operations to the general fund for payments in lieu of taxes, and (4) move unrestricted revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. For the year ended September 30, 2024, the General Fund transferred $1,000,000 to the Pier Fund which was for an operating subsidy.

(6) Capital Assets:

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

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,601,023	$ -	$ -	$ 2,601,023
Construction in progress	-	105,855	-	105,855
Total assets not being depreciated	2,601,023	105,855	-	2,706,878
Capital assets being depreciated:				
Buildings	3,426,937	-	-	3,426,937
Improvements	3,980,066	641,418	-	4,621,484
Machinery and equipment	4,682,410	385,994	(232,452)	4,835,952
Infrastructure	6,958,120	27,838	-	6,985,958
Total assets being depreciated	19,047,533	1,055,250	(232,452)	19,870,331
Less: accumulated depreciation	(11,241,674)	(1,072,283)	232,452	(12,081,505)
Total capital assets being depreciated, net	7,805,859	(17,033)	-	7,788,826
Governmental activities capital assets, net	$ 10,406,882	$ 88,822	$ -	$ 10,495,704

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 1,648,235	$ -	$ -	$ 1,648,235
Construction in progress	3,766,557	1,741,213	(1,067,172)	4,440,598
Total assets not being depreciated	5,414,792	1,741,213	(1,067,172)	6,088,833
Capital assets being depreciated and amortized:				
Buildings	12,659,712	-	-	12,659,712
Improvements	25,298,267	1,969,189	-	27,267,456
Machinery and equipment	5,544,111	1,617,600	(86,314)	7,075,397
Infrastructure	5,531,460	277,158	-	5,808,618
Right to use asset - land	15,831	-	-	15,831
Total assets being depreciated and amortized	49,049,381	3,863,947	(86,314)	52,827,014
Less: accumulated depreciation and amortization	(21,712,517)	(1,867,758)	86,314	(23,493,961)
Total capital assets being depreciated and amortized, net	27,336,864	1,996,189	-	29,333,053
Business-type activities capital assets, net	$ 32,751,656	$ 3,737,402	$ (1,067,172)	$ 35,421,886

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 623,067
Public safety	319,131
Public works	26,141
Culture and recreation	103,944
Total depreciation expense - governmental activities	$ 1,072,283
Business-type activities:	
Water and Sewer	$ 1,315,516
Sanitation	219,307
Stormwater	171,234
Pier	166,906
Total depreciation/amortization expense - business-type activities	$ 1,872,963

(7) **Leases:**

(a) **City as Lessor**—The City is the lessor in a lease agreements for one building facility. A lease receivable and deferred inflow of resources was recorded for this leases.

In 2012, the City entered into a lease agreement with the Tenant for the leasing of the pier restaurant. Based on the terms of the agreement, the initial ten-year lease began on October 1, 2012, expired on September 30, 2022, and was extended for five years. Annual rentals under the lease agreement include minimum monthly payments of $3,914 and will increase 3% annually. For the year ended September 30, 2024, the City recognized $48,065 in lease revenue and $1,565 in interest revenue related to this lease. As of September 30, 2024, the City's receivable for lease payments was $147,036 and for interest payments was $368. Also, the City has a deferred inflow of resources associated with this lease that will be recognized over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was $134,814.

The principal and interest requirements to maturity for this lease as of September 30, 2024, are as follows:

Year Ending September 30,	Principal	Interest	Total Payments
2025	$ 46,051	$ 3,781	$ 49,832
2026	48,967	2,360	$ 51,327
2027	52,018	849	$ 52,867
Total future minimum lease payments	$ 147,037	$ 6,990	$ 154,027

(b) **City as Lessee**—The City is the lessee in one lease agreement for submerged land for the Pier Fund. A lease liability and a right-to-use asset was recorded for this lease in that funds.

(7) **Leases:** (Continued)

In 2017, the City entered into a 60 month lease agreement with the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida for submerged land valued at $15,831. The initial lease expired in October 2022 and was renewed for an additional five-year period. A right-to-use asset and initial lease liability was recorded by the City during the current fiscal year. As of September 30, 2024, the value of the lease liability was $8,182. The City is required to make annual principal and interest payments of $2,895. The City's incremental borrowing rate (IBR) was calculated at 3.0% at September 30, 2023, and was the discount rate utilized in the current year for this lease. The land has a five-year useful life. The value of the right-to-use assets as of September 30, 2024 was $15,831 and had accumulated amortization of $7,807.

Lease expense for the right-to-use assets for the years ended September 30, 2024, was as follows:

September 30, 2024	Business-type Activities
Amortization expense	$ 2,602
Interest on lease liabilities	255
Total	$ 2,858

The principal and interest requirements to maturity for the lease liability as of September 30, 2024, is as follows:

Business-type Activities Year Ending September 30,	Principal	Interest	Total Payments
2025	$ 2,646	$ 2,895	$ 5,541
2026	2,726	2,895	5,621
2027	2,809	2,895	5,704
Total future minimum lease payments	$ 8,182	$ 8,684	$ 16,866

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

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 411,000	$ -	$ (64,000)	$ 347,000	$ -
Compensated absences	280,546	171,059	(25,452)	426,153	178,108
Total long-term liabilities	$ 691,546	$ 171,059	$ (89,452)	$ 773,153	$ 178,108

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 3,021,061	$ -	$ (573,034)	$ 2,448,027	$ 482,723
Lease liability	10,750	-	(2,568)	8,182	2,646
Compensated absences	104,671	102,526	(117,092)	90,105	63,811
Total long-term liabilities	$ 3,136,482	$ 102,526	$ (692,694)	$ 2,546,314	$ 549,180

Notes payable in the City's governmental activities at September 30, 2024, were comprised of the following obligations:

Refunding Revenue Note, Series 2015, issued to (1) refund the City's outstanding stormwater revenue note, series 2015, (2) refund the outstanding principal amount of the 2009 CRA Note, and (3) pay related costs of issuance. The series 2015 note is secured by the City's covenant to budget and appropriate from legally available non-ad valorem revenues of the City. The note is split 43% and 57% between governmental and business type activities, respectively. The interest rate is 2.53% and the note matures October 2029. Principal payments are due annually on October 1st and interest payments are due semiannually on October 1st and April 1st. The outstanding balance at September 30, 2024, was $347,000.

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

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	$ -	$ 4,390	$ 4,390
2026	66,000	7,945	73,945
2027	68,000	6,249	74,249
2028	69,000	4,517	73,517
2029	71,000	2,745	73,745
2030	73,000	923	73,923
Total	$ 347,000	$ 26,769	$ 373,769

Notes payable in the City's business-type activities at September 30, 2024, were comprised of the following obligations:

In January 2005, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $3,375,000 loan for a water treatment plant expansion project at an interest rate of 2.67% per year. In June 2006, the loan was amended to include an additional $3,158,750 with an interest rate of 2.65%. In July 2007, the loan was amended to include an additional $3,280,134 with an interest rate of 2.64%. The semi-annual payment is due January 15th and July 15th. The loan is collateralized by the pledged revenues of the water and sewer system and carries with it certain rate coverage requirements, which the City was in compliance with at September 30, 2024. The outstanding balance at September 30, 2024, was $1,119,359 and the note matures in 2027.

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

Refunding Revenue Note, Series 2015, issued to (1) refund the City's outstanding stormwater revenue note, series 2015, (2) refund the outstanding principal amount of the 2009 CRA Note, and (3) pay related costs of issuance. The series 2015 note is secured by the City's covenant to budget and appropriate from legally available non-ad valorem revenues of the City. The note is split 43% and 57% between governmental and business type activities, respectively. The interest rate is 2.53% and the note matures October 2029. Principal payments are due annually on October 1st and interest payments are due semiannually on October 1st and April 1st. The outstanding balance at September 30, 2024, was $548,000.

In July 2020, the City entered into an agreement with the State of Florida, Department of Environmental Protection for a $900,000 loan for design activities related to Wastewater Treatment Facility Construction, at an interest rate of 0.58% per year. In August 2022, the loan was amended to be reduced by $7,047. The first semi-annual payment is due August 15, 2022. The loan is collateralized by the pledged revenues of the water and sewer system and carries with it certain rate coverage requirements, which the City was in compliance with at September 30, 2024. The outstanding balance at September 30, 2024, was $780,668 and the note maturity is estimated to occur in 2035.

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

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2025	$ 482,723	$ 46,535	$ 529,258
2026	598,720	31,933	630,653
2027	381,155	16,952	398,107
2028	154,593	10,896	165,489
2029	156,852	7,829	164,681
2030-2034	343,198	15,034	358,232
2035-2039	234,904	15,939	250,843
2040-2044	95,882	9,891	105,773
Total	$ 2,448,027	$ 155,009	$ 2,603,036

In general, an event of default will occur if the City fails to make a payment of principal and interest when such amounts are due and payable or if the City fails to punctually perform any of the material covenants, conditions, agreements and provisions contained in a debt indenture. In the event of default, the note holders shall be entitled to sue for, enforce payment of, and receive any and all amounts due from the City for principal and interest. In addition, the notes shall bear interest at the default rate; the City may be subject to a late fee; and the City may be required to pay all of the note holders' attorney's fees incurred to remedy the default.

(9) **Commitments and Contingencies:**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2024. 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.

The City has active construction projects with uncompleted work commitments of $1,914,497 as of September 30, 2024.

(10) **Risk Management:**

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

(11) **Other Postemployment Benefits (OPEB):**

Plan Description—City of Flagler 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 of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

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

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

Plan Membership—At September 30, 2023, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	80
Inactive Employees	-
	80

Total OPEB Liability—The City's total OPEB liability of $368,476 was measured as of September 30, 2023, and was determined by an actuarial valuation as of September 30, 2023 utilizing the Measurement Method for small plans as permitted under GASB 75.

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

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.87%
Healthcare cost trend rate	7.00%
Ultimate rate reached in 2075	4.00%
Retirees' share of benefit-related costs	100.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the September 30, 2023 S&P Municipal Bond 20 Year High Grade Rate Index as published by the S&P Dow Jones Indices.

Mortality rates were based on the PuBG-2010 Mortality Tables.

For the fiscal year ended September 30, 2024, changes in the total OPEB liability were as follows:

Balance at September 30, 2023	$ 419,195
Changes for a year:	
Service cost	36,358
Interest	21,370
Changes of assumptions	(110,554)
Difference between expected and actual experience	(25,684)
Changes of benefit terms	43,062
Benefit payments – implicit rate subsidy	(15,271)
Net changes	(50,719)
Balance at September 30, 2024	$ 368,476

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 4.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 411,682	$ 368,476	$ 332,104

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

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

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 331,469	$ 368,476	$ 412,219

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

For the year ended September 30, 2024, the City recognized OPEB revenue of $34,198. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 22,910	$ -
Total	$ 22,910	$ -

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2025.

(12) **Employee Retirement Systems and Pension Funds:**

General Employees - Defined Contribution Plan

The City Commission has adopted the International City Management Association Retirement corporation (ICMA-RC) Money Purchase Plan and Trust, as amended, effective March 10, 2016. The plan is available to the general employees who are not in one of the other City retirement plans. City contributions to the ICMA-RC Money Purchase Plan and trust for general employees shall be 6.5% of each participant's earnings for the plan year. Participants are not permitted to make contributions. City contributions fully vest in the year they are contributed. For the year ended September 30, 2024, actual employer contributions to this plan totaled $260,965.

Municipal Police Officers' and Firefighters' Defined Benefit Pension Plans

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

Plan Description and Administration

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

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

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

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

Benefits Provided and Employees Covered

Each Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Current membership in the employee retirement plans was composed of the following at October 1, 2022:

	Police Plan	Fire Plan
Inactive plan members or beneficiaries receiving benefits	8	5
Inactive plan members entitled to but not yet receiving benefits	10	6
Active participants	14	17
Total current membership	32	28

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

Police Officers Plan

- Normal Retirement Benefits: 3.50% of average final compensation times credited service
- Normal Retirement Age: Earlier of: 1) age 55 and 10 years of credited service or 2) 20 years of credited service, regardless of age
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final
- compensation (service incurred) or 3.19% of average final compensation multiplied by the total years of service (nonservice incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non-Vested: Refund of accumulated contributions without interest
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is not currently funded per mutual consent between the City and membership.

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

Firefighters Plan

- Normal Retirement Benefits: 3.0% of average final compensation times credited service
- Normal Retirement Age: Earlier of age 55 and 10 years of credited service or age 52 and 25 years of credited service
- Early Retirement Benefits: Accrued benefit reduced 3% for each year commencement occurs prior to age 55
- Early Retirement Age: Age 50 and 10 Years of credited service
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred) or 25% of average final compensation (nonservice incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non-Vested: Refund of accumulated contributions without interest
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is currently not funded.

The most recent experience studies for the police and fire plans were conducted as of August 13, 2024 and August 20, 2019, respectively.

Contributions

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

For the year ended September 30, 2024, contributions to the City's pension plans were as follows:

	Police Plan	Fire Plan	Total
Employee contributions	$ 129,256	$ 40,017	$ 169,273
City contributions	465,292	119,352	584,644
State contributions	84,268	101,505	185,773
Total contributions	$ 678,816	$ 260,874	$ 939,690

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

Investment Policy

See Note (2)(b) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2024:

	Target Asset Allocation	
Asset Class	Police Plan	Fire Plan
Domestic equity	50%	50%
International equity	15%	15%
Broad Market Fixed Income	35%	35%

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the pension plans at September 30, 2024, were as follows:

	Police Plan	Fire Plan	Total
Total pension liability	$ 6,660,584	$ 2,384,821	$ 9,045,405
Plan fiduciary net position	(5,412,501)	(2,646,728)	(8,059,229)
Net pension liability (asset)	$ 1,248,083	$ (261,907)	$ 986,176
Plan fiduciary net position as percentage of total pension liability	81.26%	110.98%	96.12%

The total pension liability was determined by an actuarial valuation as of October 1, 2023, and measurement date of September 30, 2024, using the following actuarial assumptions to all measurement periods.

	Police Plan	Fire Plan
Inflation	2.50%	2.50%
Salary increases	Service based	Service based
Investment rate of return	7.00%	7.00%
Mortality table	MP-2018, projected	MP-2018, projected

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

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Long Term Expected Real Rate of Return		
Asset Class	**Police Plan**	**Fire Plan**
Domestic equity	7.5%	7.5%
International equity	8.5%	8.5%
Broad Market Fixed Income	2.5%	2.5%

Discount rate:

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

Changes in net pension liability (asset):

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

	Police Plan		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a-b)**
Beginning Balance	$ 6,298,451	$ 4,561,214	$ 1,737,237
Changes for year:			
Service cost	247,097	-	247,097
Interest	449,362	-	449,362
Share plan allocation	7,355	-	7,355
Differences between expected/actual experience	(89,496)	-	(89,496)
Changes in benefit terms	-	-	-
Changes of assumption	-	-	-
Contributions - employer	-	298,679	(298,679)
Contributions - employee	-	115,356	(115,356)
Contributions - state	-	74,711	(74,711)
Contributions - buy back	-	-	-
Net investment income	-	660,329	(660,329)
Benefit payments, including refunds	(252,185)	(252,185)	-
Administrative expenses	-	(45,603)	45,603
Net changes	362,133	851,287	(489,154)
Ending Balance	$ 6,660,584	$ 5,412,501	$ 1,248,083

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

	Fire Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance	$ 2,203,276	$ 2,250,560	$ (47,284)
Changes for year:			
Service cost	115,680	-	115,680
Interest	159,387	-	159,387
Differences between expected/actual experience	(9,526)	-	(9,526)
Change in excess state money	-	-	-
Change in benefit terms	-	-	-
Change in assumptions	-	-	-
Contributions - employer	-	74,575	(74,575)
Contributions - Buy Back	-	-	
Contributions - employee	-	36,808	(36,808)
Contributions - state	-	91,859	(91,859)
Net investment income	-	320,680	(320,680)
Benefit payments, including refunds	(83,996)	(83,996)	-
Administrative expenses	-	(43,758)	43,758
Net changes	181,545	396,168	(214,623)
Ending Balance	$ 2,384,821	$ 2,646,728	$ (261,907)

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

The following presents the net pension liability (asset) of the City calculated using the selected discount rates, as well as what the City's net pension liability (asset) (NPL(A)) 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(A) with 1% Decrease	NPL(A) at Current Discount Rate	NPL(A) with 1% Increase
Police	7.00%	$ 2,078,150	$ 1,248,083	$ 559,894
Fire	7.00%	101,774	(261,907)	(555,347)
Total		$ 2,179,924	$ 986,176	$ 4,547

For the year ended September 30, 2024, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	Police Plan	Fire Plan
Annual money-weighted rate of return	26.63%	26.71%

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

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

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

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $433,862 and $145,492 in the Police and Fire pension plans, respectively, for a total of $579,354.

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

	Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 70,516	$ (102,392)	$ 119,836	$ (53,473)
Changes of assumptions	31,078	-	8,649	-
Net different between projected and actual investment earnings	290,143	-	154,140	-
Employer and State contributions subsequent to the measurement date	549,560	-	220,857	-
	$ 941,297	$ (102,392)	$ 503,482	$ (53,473)

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2024. All 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:

	Police Plan	Fire Plan
2025	$ 72,010	$ 70,343
2026	70,797	82,543
2027	213,410	108,366
2028	(66,872)	(32,100)
2029	-	-
Thereafter	-	-

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

C. Pension Fund Financial Statements

The City does not issue separate financial statements for the Police or Fire Plan. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds. Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2024:

COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS

	Fire Plan	Police Plan	Total
ASSETS			
Cash and cash equivalents with trustee	$ 110,835	$ 293,069	$ 403,904
Total cash and cash equivalents	110,835	293,069	403,904
Receivables			
State premium taxes	36,855	-	36,855
Total receivables	36,855	-	36,855
Investments, at fair value			
Mutual funds - equity	2,661,125	5,497,923	8,159,048
Mutual funds - fixed income	714,780	1,496,995	2,211,775
Total investments	3,375,905	6,994,918	10,370,823
Total assets	3,523,595	7,287,987	10,811,582
LIABILITIES			
Accounts payable	3,125	6,072	9,197
Total liabilities	3,125	6,072	9,197
NET POSITION			
Restricted for pensions	$ 3,520,470	$ 7,281,915	$ 10,802,385

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

COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

	Fire Plan	Police Plan	Total
Additions			
Contributions:			
Employer	$ 119,352	$ 465,292	$ 584,644
Plan members	40,017	129,256	169,273
State - insurance premium taxes	101,505	84,268	185,773
Total contributions	260,874	678,816	939,690
Investment earnings (loss):			
Net appreciation (depreciation) in fair value of investments	657,991	1,353,287	2,011,278
Interest and dividends	67,311	140,733	208,044
Total investment earnings	725,302	1,494,020	2,219,322
Less: investment expense	(12,500)	(18,000)	(30,500)
Net investment income (loss)	712,802	1,476,020	2,188,822
Total additions	973,676	2,154,836	3,128,512
Deductions			
Benefit payments and refunds	56,919	241,438	298,357
Administrative expenses	43,015	43,984	86,999
Total deductions	99,934	285,422	385,356
Change in net position	873,742	1,869,414	2,743,156
Net position restricted for pensions, beginning of year	2,646,728	5,412,501	8,059,229
Net position restricted for pensions, end of year	$ 3,520,470	$ 7,281,915	$ 10,802,385

(13) **Prior Period Restatements:**

The City recorded restatements to beginning fund balance/net position in various funds related to misstatements recorded in prior years regarding the balances for the City's fixed assets and accounts receivable.

The impact of the above restatements on the respective fund balance/net position amounts as of September 30, 2024, are as follows:

	Pier Fund	Stormwater Fund
Net position/Fund balance - 9/30/2023 originally reported	$ 1,782,512	$6,526,486
To correct beginning capital assets	3,507	(3,507)
Net position/Fund balance - 9/30/2024, as restated	$ 1,786,019	$6,522,979

(14) **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:

(a) GASB issued Statement No. 101**,** *Compensated Absences,* in June 2022. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions in GASB 101 are effective for periods beginning after December 15, 2023.

(b) GASB issued Statement No. 102, *Certain Risk Disclosures,* in December 2023. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

(c) GASB issued Statement No. 103, *Financial Reporting Model Improvements,* in April 2024. The objective of GASB Statement No. 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.

(d) 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF REVENUES, EXGENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 6,831,933	$ 6,831,933	$ 7,128,992	$ 297,059
Permits and fees	1,171,450	1,171,450	1,605,705	434,255
Intergovernmental	549,334	549,334	878,242	328,908
Charges for services	18,675	18,675	9,701	(8,974)
Fines and forfeitures	81,650	81,650	96,589	14,939
Investment income (loss)	349,000	349,000	577,298	228,298
Miscellaneous	68,000	133,654	462,281	328,627
Total revenues	9,070,042	9,135,696	10,758,808	1,623,112
Expenditures				
Current:				
General government	2,962,108	3,177,815	2,678,185	499,630
Public safety	4,846,147	4,972,552	5,086,308	(113,756)
Roads and streets	638,056	610,245	212,422	397,823
Culture and recreation	665,703	686,917	519,321	167,596
Capital outlay	643,360	1,468,406	1,077,695	390,711
Total expenditures	9,755,374	10,915,935	9,573,931	1,342,004
Excess (deficiency) of revenues over expenditures	(685,332)	(1,780,239)	1,184,877	2,965,116
Other financing sources (uses)				
Transfers out	(191,000)	(1,000,000)	(1,000,000)	-
Sale of capital assets	(2,000)	83,021	1,146	(81,875)
Total other financing sources (uses)	(193,000)	(916,979)	(998,854)	(81,875)
Net change in fund balances	(878,332)	(2,697,218)	186,023	2,883,241
Fund balances, beginning of year	9,361,327	9,361,327	9,361,327	-
Fund balances, end of year	$ 8,482,995	$ 6,664,109	$ 9,547,350	$ 2,883,241

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 540,163	$ 540,163	$ 539,582	$ (581)
Intergovernmental	170,000	170,000	-	(170,000)
Total revenues	710,163	710,163	544,137	(166,026)
Expenditures				
Current:				
Physical environment	321,969	286,082	197,959	88,123
Capital outlay	740,000	826,131	83,410	742,721
Debt service:				-
Principal retirement	63,000	63,000	64,000	(1,000)
Interest and fiscal charges	11,196	11,196	10,398	798
Total expenditures	1,136,165	1,186,409	355,767	830,642
Excess (deficiency) of revenues over expenditures	(426,002)	(476,246)	188,370	664,616
Net change in fund balances	(426,002)	(476,246)	188,370	664,616
Fund balances, beginning of year	441,197	441,197	441,197	-
Fund balances, end of year	$ 15,195	$ (35,049)	$ 629,567	$ 664,616

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 36,358	$ 48,772	$ 63,360	$ 50,906	$ 36,092	$ 37,961	$ 40,191
Interest	21,370	13,131	13,443	16,863	16,701	14,031	11,433
Difference between expected and actual experience	(25,684)	-	(8,750)	-	(35,198)	-	-
Changes of assumptions	(110,554)	(127,166)	(127,771)	89,218	51,333	(23,985)	(26,484)
Changes of benefit terms	43,062	-	-	-	-	-	-
Benefit payments - implicit rate subsidy	(15,271)	(14,206)	(12,767)	(11,876)	(12,556)	(11,546)	(10,617)
Net change in total OPEB liability	(50,719)	(79,469)	(72,485)	145,111	56,372	16,461	14,523
Total OPEB liability - beginning of year	419,195	498,664	571,149	426,038	369,666	353,205	338,682
Total OPEB liability - end of year	$ 368,476	$ 419,195	$ 498,664	$ 571,149	$ 426,038	$ 369,666	$ 353,205
Covered employee payroll	$ 5,154,918	$ 4,118,134	$ 4,017,692	$ 3,680,762	$ 3,590,988	$ 3,542,740	$ 3,456,332
Total OPEB liability as a percentage of covered employee payroll	7.15%	10.18%	12.41%	15.52%	11.86%	10.43%	10.22%
Notes to Schedule:							
Valuation date:	9/30/2023	9/30/2021	9/30/2021	9/30/2019	9/30/2019	9/30/2018	9/30/2017
Measurement date:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017

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

	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%	3.64%

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

OPEB Trust:
For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

*10 years of data will be presented as it becomes available.

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PLAN
SEPTEMBER 30, 2024
(UNAUDITED)

Measurement Period - Fiscal Year Ending Reporting Period - Fiscal Year Ending	9/30/23 9/30/24	9/30/22 9/30/23	9/30/21 9/30/22	9/30/20 9/30/21	9/30/19 9/30/20	9/30/18 9/30/19	9/30/17 9/30/18	9/30/16 9/30/17	9/30/15 9/30/16
Total Pension Liability									
Service cost	$ 247,097	$ 258,908	$ 219,241	$ 183,067	$ 186,283	$ 181,472	$ 163,804	$ 140,418	$ 152,425
Interest	449,362	425,763	351,050	334,013	323,707	286,220	270,030	233,628	218,206
Share plan allocation	7,355	1,939	7,076	6,748	6,549	5,344	764	-	-
Change in excess state money	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	532,682	-	-	-	-	-	-	-
Difference between actual and expected experience	(89,496)	(85,457)	175,733	1,108	(118,437)	204,944	(91,598)	114,638	(58,880)
Changes of assumptions	-	-	-	155,389	72,739	-	-	87,160	-
Contributions - Buy Back	-	-	-	-	42,166	-	-	-	-
Benefit payments including refunds of contributions	(252,185)	(252,256)	(263,967)	(227,816)	(221,582)	(157,515)	(137,764)	(102,745)	(90,905)
Net change in total pension liability	362,133	881,579	489,133	452,509	291,425	520,465	205,236	473,099	220,846
Total pension liability - beginning	6,298,451	5,416,872	4,927,739	4,475,230	4,183,805	3,663,340	3,458,104	2,985,005	2,764,159
Total pension liability - ending (a)	$ 6,660,584	$ 6,298,451	$ 5,416,872	$ 4,927,739	$ 4,475,230	$ 4,183,805	$ 3,663,340	$ 3,458,104	$ 2,985,005
Total Fiduciary Net Position									
Contributions - employer	$ 298,679	$ 182,136	$ 152,661	$ 145,938	$ 129,209	$ 136,466	$ 130,382	$ 62,751	$ 60,659
Contributions - state	74,711	63,877	57,106	56,449	56,051	53,639	44,481	42,952	38,667
Contributions - employee	115,356	91,518	88,757	89,695	77,838	83,550	81,895	72,128	71,655
Contributions - Buy Back	-	-	-	-	42,166	-	-	-	-
Net investment income	660,329	(1,012,789)	953,322	452,771	154,626	338,143	373,236	289,042	(40,277)
Benefit payments, including refunds of contributions	(252,185)	(252,256)	(263,967)	(227,816)	(221,582)	(157,515)	(137,764)	(102,745)	(90,905)
Administrative expense	(45,603)	(40,684)	(39,602)	(34,307)	(47,021)	(35,835)	(42,148)	(39,294)	(51,933)
Net change in plan fiduciary net position	851,287	(968,198)	948,277	482,730	191,287	418,448	450,082	324,834	(12,134)
Plan fiduciary net position - beginning	4,561,214	5,529,412	4,581,135	4,098,405	3,907,118	3,488,670	3,038,588	2,713,754	2,725,888
Plan fiduciary net position - ending (b)	$ 5,412,501	$ 4,561,214	$ 5,529,412	$ 4,581,135	$ 4,098,405	$ 3,907,118	$ 3,488,670	$ 3,038,588	$ 2,713,754
Net pension liability - ending (a) - (b)	$ 1,248,083	$ 1,737,237	$ (112,540)	$ 346,604	$ 376,825	$ 276,687	$ 174,670	$ 419,516	$ 271,251
Plan fiduciary net position as a percentage of the total pension liability	81.26%	72.42%	102.08%	92.97%	91.58%	93.39%	95.23%	87.87%	90.91%
Covered payroll	$ 1,153,564	$ 915,178	$ 887,565	$ 896,948	$ 778,377	$ 835,497	$ 818,946	$ 721,277	$ 716,550
Net pension liability as a percentage of covered payroll	108.19%	189.83%	-12.68%	38.64%	48.41%	33.12%	21.33%	58.16%	37.86%

Changes of assumptions:
For measurement date 09/30/2024, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2021 FRS valuation report for special risk employees.
Investment rate return was 7.00%, net of investment related expenses.

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
FIRE PLAN
SEPTEMBER 30, 2024
(UNAUDITED)

Measurement Period - Fiscal Year Ending Reporting Period - Fiscal Year Ending	9/30/23 9/30/24	9/30/22 9/30/23	9/30/21 9/30/22	9/30/20 9/30/21	9/30/19 9/30/20	9/30/18 9/30/19	9/30/17 9/30/18	9/30/16 9/30/17	9/30/15 9/30/16	9/30/14 9/30/15
Total Pension Liability										
Service cost	$ 115,680	$ 125,059	$ 103,175	$ 97,586	$ 129,855	$ 129,752	$ 82,884	$ 81,822	$ 74,954	$ 63,454
Interest	159,387	143,892	109,271	103,952	117,847	94,641	90,640	77,035	69,702	63,195
Change in excess state money	-	-	-	-	-	-	-	-	-	-
Share plan allocation	-	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	156,031	-	-	(322)	-	-	-	-	-
Difference between actual and expected experience	(9,526)	8,871	159,876	(53,411)	(216,635)	146,201	(118,194)	16,460	(1,875)	-
Changes of assumptions	-	-	-	15,076	(82,951)	-	-	50,710	-	-
Contributions - Buy Back	-	30,649	-	-	-	-	-	-	-	-
Benefit payments including refunds of contributions	(83,996)	(71,483)	(39,812)	(43,381)	(63,246)	(58,679)	(39,022)	(52,357)	(51,394)	(51,394)
Net change in total pension liability	181,545	393,019	332,510	119,822	(115,452)	311,915	16,308	173,670	91,387	75,255
Total pension liability - beginning	2,203,276	1,810,257	1,477,747	1,357,925	1,473,377	1,161,462	1,145,154	971,484	880,097	804,842
Total pension liability - ending (a)	$ 2,384,821	$ 2,203,276	$ 1,810,257	$ 1,477,747	$ 1,357,925	$ 1,473,377	$ 1,161,462	$ 1,145,154	$ 971,484	$ 880,097
Total Fiduciary Net Position										
Contributions - employer	$ 74,575	$ 66,153	$ 70,095	$ 65,664	$ 70,900	$ 86,628	$ 83,554	$ 2,978	$ 12,764	$ 24,723
Contributions - state	91,859	54,933	55,641	49,127	47,053	43,677	31,857	35,714	62,074	50,517
Contributions - employee	36,808	29,988	31,050	31,446	27,936	24,886	25,221	15,917	14,900	13,776
Contributions - Buy Back	-	30,649	-	-	-	-	-	-	-	-
Net investment income	320,680	(493,497)	442,673	198,459	68,923	143,679	158,378	124,245	(19,545)	115,088
Benefit payments, including refunds of contributions	(83,996)	(71,483)	(39,812)	(43,381)	(63,246)	(58,679)	(39,022)	(52,357)	(51,394)	(51,394)
Administrative expense	(43,758)	(43,351)	(38,868)	(32,978)	(45,899)	(36,562)	(35,837)	(36,875)	(28,497)	(12,148)
Net change in plan fiduciary net position	396,168	(426,608)	520,779	268,337	105,667	203,629	224,151	89,622	(9,698)	140,562
Plan fiduciary net position - beginning	2,250,560	2,677,168	2,156,389	1,888,052	1,782,385	1,578,756	1,354,605	1,264,983	1,274,681	1,134,119
Plan fiduciary net position - ending (b)	$ 2,646,728	$ 2,250,560	$ 2,677,168	$ 2,156,389	$ 1,888,052	$ 1,782,385	$ 1,578,756	$ 1,354,605	$ 1,264,983	$ 1,274,681
Net pension liability (asset) - ending (a) - (b)	$ (261,907)	$ (47,284)	$ (866,911)	$ (678,642)	$ (530,127)	$ (309,008)	$ (417,294)	$ (209,451)	$ (293,499)	$ (394,584)
Plan fiduciary net position as a percentage of the total pension liability	110.98%	102.15%	147.89%	145.92%	139.04%	120.97%	135.93%	118.29%	130.21%	144.83%
Covered payroll	$ 736,164	$ 599,760	$ 620,994	$ 628,923	$ 558,717	$ 497,723	$ 504,418	$ 318,345	$ 297,990	$ 275,505
Net pension asset as a percentage of covered payroll	-35.58%	-7.88%	-139.60%	-107.91%	-94.88%	-62.08%	-82.73%	-65.79%	-98.49%	-143.22%

Changes of assumptions

For measurement date 09/30/2024, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2021 FRS valuation report for special risk employees.

The investment return assumption is 7.00%.

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PLAN
SEPTEMBER 30, 2024
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2024	$ 469,198	$ 537,426	$ (68,228)	$ 1,292,557	41.58%
2023	384,137	366,035	18,102	1,153,564	31.73%
2022	230,625	244,074	(13,449)	915,178	26.67%
2021	205,028	202,691	2,337	887,565	22.84%
2020	195,535	195,639	(104)	896,948	21.81%
2019	184,475	178,711	5,764	778,377	22.96%
2018	172,112	184,762	(12,650)	835,497	22.11%
2017	180,987	174,099	6,888	818,946	21.26%
2016	98,815	105,703	(6,888)	721,277	14.65%
2015	98,884	99,326	(442)	716,550	13.86%

Notes to Schedule:

Valuation Date: 10/1/2022
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry age normal cost
Amortization Method:	Unfunded actuarial accrued liability amortized over 15 years.
Asset Valuation Method:	The Actuarial Value of Assets is based on a four-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased in over a four-year period.
Inflation:	2.50%
Salary Increases:	Service based
Investment Rate of Return:	7.0% per year compounded annually, net of investment related expenses.
Mortality:	Healthy Active Lives: Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. Healthy Retiree Lives: Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Beneficiary Lives: Female: PubG.H-2010 for (Below Median) Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Disabled Lives: 80% PubG.H-2010 for Disabled Retirees/20% PubS.H-2010 for Disabled Retirees.
Retirement Age:	Earlier of: 1) age 55 and 10 years of service, or 2) age 52 and 25 years of service. Members satisfying the above eligibility requirements are assumed to retire immediately.

Disability Rate Table

Age	% Becoming Disabled During the Year
20	0.15%
25	0.15%
30	0.20%
35	0.25%
40	0.35%
45	0.50%
50	0.90%
55	1.80%
60	4.50%
65	0.00%

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIRE PLAN
SEPTEMBER 30, 2024
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2024	$ 162,870	$ 220,857	$ (57,987)	$ 800,344	27.60%
2023	149,515	166,434	(16,919)	736,164	22.61%
2022	112,455	121,086	(8,631)	599,760	20.19%
2021	118,859	125,736	(6,877)	620,994	20.25%
2020	119,496	114,791	4,705	628,923	18.25%
2019	123,253	117,953	5,300	558,717	21.11%
2018	120,300	130,305	(10,005)	497,723	26.18%
2017	115,411	115,411	-	504,418	22.88%
2016	45,588	38,692	6,896	318,345	12.15%
2015	67,942	74,838	(6,896)	297,990	25.11%

Notes to Schedule:

Valuation Date: 10/1/2022

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry age normal cost

Amortization Method: Unfunded actuarial accrued liability amortized over 15 years

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

Inflation: 2.50%

Salary Increases: Service based

Investment Rate of Return: 7.0% per year compounded annually, net of investment related expenses.

Mortality:

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

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

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

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

Retirement Age:

Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
0	20%
1-4	5%
5 or more	100%

Disability Rate Table:

Age	% Becoming Disabled During the Year
20	0.03%
30	0.04%
40	0.07%
50	0.18%
55	0.36%
60	0.90%

CITY OF FLAGLER BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2024

For the Year Ending September 30,	Police Plan	Fire Plan
2024	26.63%	26.71%
2023	14.40%	14.37%
2022	-18.33%	-18.41%
2021	20.91%	20.41%
2020	11.08%	10.43%
2019	3.95%	3.82%
2018	9.76%	9.27%
2017	12.32%	11.83%
2016	10.62%	10.10%
2015	-1.48%	-1.52%

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Agency / Pass-Through Entity / Federal Program	AL Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Treasury			
Direct Programs:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5084	$ 365,367
Total U.S. Department of Treasury			365,367
U.S. Department of Justice			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	603
Indirect Programs:			
Passed-Through State of Florida, Department of Legal Affairs - Office of the Attorney Division			
Victims of Crime Act	16.575	VOCA-2022-Flagler Beach Police Department-00381	85,054
Total U.S. Department of Justice			85,657
U.S. Department of Homeland Security			
Indirect Programs:			
Passed through Florida Executive Office of the Governor			
Hazard Mitigation Grant	97.039	H0933	66,486
Passed through State of Florida, Division of Emergency Management:			
Hurricane Matthew Declaration	97.036	DR-4283	156,250
Hurricane Ian Declaration	97.036	DEM-22-HL-2022-18-AG-B0121	387,399
Hurricane Nicole Declaration	97.036	DR-4680	120,993
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			664,642
Total U.S. Department of Homeland Security			731,128
Total Federal Awards			$ 1,182,152

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

CITY OF FLAGLER BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

(1) **Basis of Presentation:**

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

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended September 30, 2024.

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

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Deferred FEMA Expenditures**

During the fiscal years ended September 30, 2022 and 2023, the City incurred substantial costs related to Hurricanes Ian and Nicole. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under ALN 97.036 are not to be recognized as expenditures for purposes of the Schedule of Expenditures of Federal Awards until the respective Project Worksheets (PW) have been approved. At September 30, 2024, only some of the City's PWs from these storms had been approved by FEMA. As a result, there are $14,831 of expenditures and related revenues which have been recorded for financial statement purposes and not on the Schedule of Expenditures of Federal Awards; these expenditures will be recognized on the Schedule of Expenditures of Federal Awards in future years once approved by FEMA.

(5) **Contingency:**

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

CITY OF FLAGLER BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. **Summary of Auditors' Results:**

Financial Statements:

Type of audit report issued on the financial statements:	*Unmodified*	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	_X_ no
Significant deficiency(ies) identified?	_X_ yes	____ none reported
Noncompliance material to financial statements noted?	____ yes	_X_ no

Federal Awards:

Internal control over major Federal programs:		
Material weakness(es) identified?	____ yes	_X_ no
Significant deficiency(ies) identified?	____ yes	_X_ none reported
Type of auditors' report issued on compliance for major Federal programs:	*Unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	_X_ none reported
Auditee qualified as a low-risk auditee?	____ yes	_X_ no
Dollar threshold used to distinguish between type A and type B programs:		$750,000

Identification of major Federal programs:

AL Number	Program Name
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

B. **Financial Statement Findings:**

2024-001 Fund Balance and Net Position Opening Balances

Criteria: Under Governmental Accounting Standards Board (GASB) standards, including GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the opening fund balance and net position must accurately reflect the balances from the prior period, adjusted for any necessary changes, including corrections of prior period errors. Fund balances must be properly classified according to GASB 54, and net position should be reported in accordance with GASB 34, which requires the proper distinction between net investment in capital assets, restricted, unrestricted, and any other categories as applicable.

Condition: The opening fund balance and net position as of September 30, 2024 in the City's financial records were not accurately reported or properly reviewed in accordance with Generally Accepted Accounting Principles (GAAP) for governmental entities, specifically the guidance provided by GASB. The opening fund balance and net position for multiple funds did not reconcile with prior period balances, leading to discrepancies in the financial statements for the current fiscal year.

Cause: The discrepancies in the opening fund balance and net position arose due to a lack of procedures for reconciling the opening balances at the beginning of the fiscal year. Additionally, the City did not conduct a thorough review of prior period balances or perform an adequate reconciliation to ensure consistency between the governmental fund financial statements and the government-wide financial statements. Additionally, adjustments were made between fund balance and other accounts that needed to be corrected as they were not related to prior period errors.

Effect: **T**he inaccurate reporting of the opening fund balance and net position affects the reliability of the City's financial statements. Misstatements in the fund balance and net position may lead to misleading information about the financial health of the City, potentially impacting budgetary decisions, bond ratings, and other important decisions made by users of the financial statements. Furthermore, this could result in compliance issues with GASB standards, which may affect the overall transparency and accountability of financial reporting.

Recommendation: We recommend the City implement year end reconciliation procedures including the review and reconciliation of fund balance and net position to ensure that balances agree to the prior period. We recommend any discrepancies are reviewed closely to determine if they are a result of a prior period error and that there is proper documentation to support such errors.

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

D. **Summary Schedule of Prior Audit Findings:** See schedule of prior audit findings on page 72.

E. **Corrective Action Plan:** See Management's Response to Findings on page 76.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Honorable Mayor, City Commission, and City Manager,
City of Flagler Beach, Florida:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Flagler Beach, Florida's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

James Moore & Co., P.L.

Daytona Beach, Florida
April 11, 2025

OTHER REPORTS

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 Flagler 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flagler Beach, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 11, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be significant deficiency.

Report on Compliance and Other Matters

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

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the table of contents. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
April 11, 2025

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 Flagler Beach, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Flagler Beach, Florida (the City), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated April 11, 2025.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards (Uniform Guidance), and Chapter 10.550, Rules of the State of Florida Office of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule which are dated April 11, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Current year comment 2024-002 remains uncorrected from the second preceding audit. The following is a summary of prior year findings and recommendations:

2020-005, 2021-005, 2022-005, and 2023-002 Deficit Unrestricted Net Position – Corrective action taken.

2022-006 and 2023-001 Preparation of financial statements – Corrective action taken.

2023-003 Unexpended Fund Balance – Building Permits – Comment remains uncorrected from the preceding audit; see repeat comment 2024-002.

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 City be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and component units of the reporting City is disclosed in Note 1 of the basic financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

2024-002 Unexpended Fund Balance – Building Permits

Section 553.80(7)(a), Florida Statutes, limits the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The City's unexpended building permit funds in the Building Department Fund at September 30, 2024, exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years by approximately $600,000. We recommend the City identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes.

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 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.

As required by Section 10.554(1)(i)6.b. and Section 10.554(1)(i)6.c., Rules of the Auditor General, a full list of the full legal names and contact information of each program administrator and third-party administrator that administered the PACE program within the geographical area of the are as follows:

a. Florida Resiliency and Energy District - rbartkus@fdfcbonds.com

Special District Component Units

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

Specific Special District Information – CRAs

The required reporting items in accordance with Section 218.39(3)(c), Florida Statutes for the Flagler Beach Community Redevelopment Agency have been reported in the separately-issued audited financial statements.

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.

Management's Response to Findings

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

Purpose of this Letter

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

James Moore & Co., P.L.

Daytona Beach, Florida
April 11, 2025

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Flagler Beach, Florida:

We have examined the City of Flagler Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies (the Statute),* for the year ended September 30, 2024. Management is responsible for the City's compliance with the Statute. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance with the Statute 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's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the City's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City was not in compliance with the Statute in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City of Flagler Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

James Moore & Co., P.L.

Daytona Beach, Florida
April 11, 2025

Management's Responses to Findings

2024-001 Fund Balance and Net Position Opening Balances

The city acknowledges the audit finding regarding the fund balance and net position opening balances. The discrepancies identified were due to prior-year adjustments not being properly reflected in the opening balances for the current period. After reviewing the balances, we have corrected the opening balances and made the necessary adjustments to the financial reports.

To prevent this issue from recurring, the city will be implementing additional internal controls and a more rigorous reconciliation process for future periods as well as providing training to our accounting staff to ensure better accuracy in reporting opening balances going forward.

We appreciate the audit team's thorough review and will continue to prioritize accuracy in our financial reporting.

2024-002 Unexpended Fund Balance - Building Permits

In response to the growth of the city's operations and the increase in the excess fund balance of the building fund, the city plans to enhance its Building Department by adding an additional Building Official and Building Inspector. To accommodate this expansion, the department will also invest in additional vehicles for the new staff, complete ongoing renovation projects, and implement sound dampening measures throughout the building. Furthermore, an additional Administrative Assistant was hired at the beginning of Fiscal Year 2025 to support the department's increased workload.

Additionally, the city intends to reduce permit fees by fifty percent for the second half of Fiscal Year 2025, with a reevaluation planned at the end of the fiscal year.

Attachment 08
FY23 & FY24 Financial Worksheet

		FY23	FY24	FY25
(a)	Operating Revenues			Audited Data is not Available As of 2/25/2026
	Drinking Water Rate Revenues	$ 3,318,532.66	$ 3,608,132.51	
	Wastewater Rate Revenues	$ 2,496,044.01	$ 2,725,831.48	
(b)	Interest Income	$ 89,904.80	$ 68,522.74	
(c)	Other Incomes			
	Account Maintenance Fee	$ 5,490.00	$ 58,950.00	
	Water Meter Connections	$ 44,835.00	$ 53,468.00	
	Sewer Tap/Connection	$ 43,700.00	$ 86,450.00	
	Sewer Inspection	$ 490.00	$ 960.00	
	Sale of Fixed Assets	$ 2,100.00	$ -	
	Miscellaneous Revenue	$ 6,952.77	$ 8,790.00	
(d)	Total Revenues	$ 6,008,049.24	$ 6,611,104.73	
(e)	Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	$ 3,614,782.13	$ 3,292,877.00	
(f)	Net Revenues (f = d – e)	$ 2,393,267.11	$ 3,318,227.73	
(g)	Debt Service (including any required coverage)	$ 591,090.00	$ 591,087.70	

Attachment 09
Projected Revenues Worksheet and Assumptions

		FY26	FY27	FY28	FY29	Assumptions
(a)	Operating Revenues					
	Drinking Water Rate Revenues	$ 4,115,949.86	$ 4,646,640.06	$ 5,201,136.57	$ 5,780,392.73	Revenue projections based on growth projections, including Veranda Bay (McKim & Creed, 2025), and an annual rate increase.
	Wastewater Rate Revenues	$ 3,109,471.64	$ 3,510,391.52	$ 3,929,296.32	$ 4,366,906.27	Revenue projections based on growth projections, including Veranda Bay (McKim & Creed, 2025), and an annual rate increase.
	Total	$ 7,225,421.50	$ 8,157,031.58	$ 9,130,432.88	$ 10,147,298.99	
(b)	Interest Income	$ 79,213.77	$ 79,213.77	$ 79,213.77	$ 79,213.77	Average of past two year audited amounts to maintain conservative estimate.
(c)	Other Incomes					
	Account Maintenance Fee					
	Water Meter Connections					
	Sewer Tap/Connection					
	Sewer Inspection					
	Sale of Fixed Assets					
	Miscellaneous Revenue	$ 92,400.00	$ 92,400.00	$ 92,400.00	$ 92,400.00	Source: Rate Sufficiency Study (FRWA, 2025)
(d)	Total Revenues	$ 7,397,035.27	$ 8,328,645.35	$ 9,302,046.65	$ 10,318,912.76	
€	Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	$ 6,614,500.00	$ 5,689,600.00	$ 5,601,700.00	$ 5,698,500.00	Source: Rate Sufficiency Study (FRWA, 2025),plus renewal and replacement capital outlay as identified in the FY2026 adopted budget
(f)	Net Revenues (f = d – e)	$ 782,535.27	$ 2,639,045.35	$ 3,700,346.65	$ 4,620,412.76	
(g)	Revenue (including coverage) pledged to debt service, excluding SRF Loans	$ -	$ -	$ -	$ -	
(h)	Revenue (including coverage) pledged to outstanding SRF Loans	$ 591,087.70	$ 591,087.70	$ 1,311,082.00	$ 2,566,631.30	
(i)	Revenue Available for this SRF Loan [(i) = (f) - (g) - (h)]	$ 191,447.58	$ 2,047,957.66	$ 2,389,264.66	$ 2,053,781.47	

	FY26	FY27	FY28	FY29
Annual Population Increase (see table below)	12%	10%	9%	9%
Annual Rate Increase	2.5%	2.5%	2.5%	2.5%

City Population Growth inclusive of Veranda Bay (McKim and Creed, 2025)		
Year	City Total Pop	Growth over year
2025	5641	0%
2026	6294	12%
2027	6948	10%
2028	7604	9%
2029	8260	9%
2030	8918	8%
2031	9578	7%
2032	10238	7%
2033	10900	6%
2034	11564	6%
2035	12229	6%
2036	12326	1%
2037	12425	1%
2038	12526	1%
2039	12628	1%
2040	12731	1%
2041	12836	1%
2042	12943	1%
2043	13051	1%
2044	13161	1%
2045	13272	1%

Assumptions
1) Baseline financial projections were based on FY24 actuals (latest audited)
2) Revenue escalations were based on a 2.5% annual user fee increase and a demand/customer base increase as outlined in the table to the left.
3) Interest amounts were held at a conservitive amount based on the average of FY23 and FY24 (last two audited years)
4) Operating expenses were based on Rate Sufficiency Study (FRWA, 2025), plus renewal and replacement capital outlay as identified in the FY2026 adopted budget

Attachment 10
CCNA Certification - Planning Phase

Florida Department of Environmental Protection
State Revolving Fund (SRF) Program

PROJECT SPONSOR'S PROFESSIONAL SERVICES PROCUREMENT CERTIFICATION

The purpose of this procurement certification form is to confirm that the professional services procured by the project sponsor comply with the Consultants' Competitive Negotiation Act (CCNA), Florida Statute 287.055. This form must be submitted prior to placement of the sponsor's project on SRF's Priority List for funding.

Project Sponsor's Name: City of Flagler Beach, Florida
SRF Project Name: SAHM Lift Station Hardening Improvements
SRF Project Number: WW18014

Type of Professional Services (select all that apply):

Planning ☑	Design ☐	Services During Construction ☐
Not Procured ☐	Design-Build ☐	Construction Manager at Risk ☐

Name of organization to deliver professional services, if procured.

McKim & Creed, Inc

Description of work to be performed.

McKim and Creed will perform professional services related to the planning phase of SRF Project WW18014, "SAHM Lift Station Hardening Improvements," including project management, facilities plan preparation, and public meeting coordination. Design professional services are pending and will be procured through a separate Request for Qualifications; following execution of an agreement between the sponsor and design consultant, a separate Professional Services Procurement Certification will be completed.

Date Procurement Solicited:	Date Service Contract Executed:
01/29/2025	04/09/2025
Minority Business Enterprise (MBE): ☐	Woman Business Enterprise (WBE): ☐

Based upon information and belief, I hereby certify that the professional services to be delivered and performed, as described above, have been procured or will be procured in compliance with CCNA requirements. For federally funded projects, if applicable, based upon information and belief, affirmative steps have been or will be taken to encourage Minority Business Enterprise/Woman Business Enterprise participation.

Signature of Authorized Representative or Sponsor's Legal Counsel

Typed Name and Title of Authorized Representative or Sponsor's Legal Counsel

Date of Signature

☐ Check box if additional information is attached.

Attachment 11
Executed Planning Phase Scope of Services

RESOLUTION 2026-07

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, ACCEPTING THE PROFESSIONAL SERVICES PROPOSAL FROM MCKIM & CREED, INC. FOR THE SUPPLEMENTAL APPROPRIATION FOR HURRICANES HELENE AND MILTON AND HAWAII WILDFIRES (SAHM) CLEAN WATER STATE REVOLVING FUND (CWSRF) FACILITIES WORK PLAN AND FUNDING ASSISTANCE, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Flagler Beach requires professional engineering services to prepare a Facilities Work Plan and associated funding assistance documents necessary for participation in the Supplemental Appropriation for Hurricanes Helene and Milton and Hawaii Wildfires (SAHM) Clean Water State Revolving Fund (CWSRF) Program; and,

WHEREAS, the City has identified the need to evaluate lift station resiliency, storm-driven inflow and infiltration impacts, and stormwater interactions as part of its ongoing compliance with the Florida Department of Environmental Protection (FDEP) requirements and recovery from recent storm events; and,

WHEREAS, McKim & Creed, Inc. submitted a proposal dated January 27, 2026, to provide project management, data collection, planning-level evaluations, preparation of the CWSRF Facilities Work Plan, and public coordination services for a total proposed fee of $74,598.00.

WHEREAS, staff finds that acceptance of this proposal is in the best interest of the City and supports ongoing compliance with FDEP requirements, resiliency improvements, and advancement of the City's SAHM/CWSRF funding eligibility;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA AS FOLLOWS:

SECTION 1. The "WHEREAS" clauses above are hereby incorporated herein as legislative findings.

SECTION 2. The City Commission hereby accepts the proposal from McKim & Creed, Inc., dated January 27, 2026, for the SAHM CWSRF Facilities Work Plan and Funding Assistance in the amount of $74,598.00, and authorizes the City Manager, or designee, to execute the necessary task order and associated documents.

SECTION 3. All resolutions and parts of resolution in conflict with this resolution are hereby repealed.

SECTION 4. If any portion of the Resolution shall be declared unconstitutional or if the applicability of this Resolution or any portion thereof to any person or circumstances shall be held invalid, the validity of the remainder of this Resolution and the applicability of this Resolution, or any portion thereof to other persons or circumstances, shall not be affected thereby.

SECTION 5. This Resolution shall become effective upon execution.

Upon motion duly made and carried, the foregoing Resolution was accepted by the City Commission of the City of Flagler Beach this 12th day of February, 2026.

CITY OF FLAGLER BEACH, FLORIDA

PATTI KING, MAYOR

ATTEST:

PENNY OVERSTREET, CITY CLERK

McKIM&CREED
ENGINEERS SURVEYORS PLANNERS

January 27, 2026

260087

Bill Freeman, PE
City Engineer
City of Flagler Beach
Via Email: BFreeman@cityofflaglerbeach.com

RE: SAHM CWSRF Facilities Work Plan and Funding Assistance
Professional Services Task Order Proposal

Dear Bill,

On behalf of McKim & Creed, we appreciate the opportunity to assist with Professional Services for the City's SAHM CWSRF Facilities Work Plan and Funding Assistance. The table below summarizes our proposed tasks and fees. For additional details on scope and schedule, please see **Attachment A – Scope of Services Summary**. Fees are summarized below and detailed in **Attachment B – Fee Schedule**.

Task	Description	Task Fee
Task 1	Project Management Services	$17,420.00
Task 2	Facilities Work Plan and Funding Assistance	$57,178.00
	Total Proposed Fee	**$74,598.00**

This proposal covers services for project management, meetings, data collection, and preparing a Facilities Work Plan for a Clean Water State Revolving Fund (CWSRF) project, with the required supporting documents. If further assistance can be provided and is requested from the City, McKim and Creed will be happy to assist.

After you review the details of our proposal, please let us know when you would like to schedule a time to discuss.

Sincerely,

McKim & Creed, Inc.

Charles Hill, P.E., BCEE
Client Manager

Mario E. Loaiza, P.E., F.ASCE
Regional Manager

Attachments
Attachment A – Scope of Services Summary
Attachment B – Fee Schedule

ATTACHMENT A
SCOPE OF SERVICES SUMMARY

Proposal No:	**260087**
Project Name:	**SAHM CWSRF Facilities Work Plan and Funding Assistance**
Project Jurisdiction:	**City of Flagler Beach, Florida**
Proposal Date:	**January 23, 2026**

Pursuant to pre-qualified approval for Various Qualified Consulting Services, executed in April 2025, McKim & Creed, Inc. (Consultant) is providing this scope of services to the City of Flagler Beach, Florida (City) for Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (SAHM) Clean Water State Revolving Fund (CWSRF) Facilities Planning and Funding Assistance.

A. PROJECT UNDERSTANDING

The City of Flagler Beach Utility Department ("City") owns and operates a wastewater collection system and a 1.0 MGD AADF domestic wastewater treatment facility ("WWTF") located at 2000 Ave A, Flagler Beach, Florida, under Permit FL0026611. The collection system spans from the North Peninsula State Park to Ocean Marina Drive, through portions of the mainland, and across the Florida Intracoastal Waterway. The City was issued a Consent Order by the FDEP in response to compliance issues, including several Sanitary Sewer Overflows (SSOs) related to tropical cyclone events in 2022. Later, the FDEP issued an Amended Consent Order to address the problems discovered during an August 2024 inspection.

Hurricane Milton particularly impacted the operation of the City's stormwater system, collection system, and WWTP. During that period, the City's collection system exhibited demonstrable impact and response to rainfall causing a reported SSO on October 16, 2024, during recovery. The City currently has seven lift station improvement projects underway to enhance its resiliency to flood risks. In addition, the City has completed a Stormwater Master Plan which identifies improvements to enhance the City's resiliency and recovery from storm events.

During the Summer of 2025, McKim and Creed, at the City's direction prepared and submitted a Request For Inclusion (RFI) into the Florida Department of Environmental Protection's (FDEP) State Revolving (SRF) Office. The RFI project included the hardening of four lift stations (PS-3, PS-6, LS7, & LS-8), and associated stormwater master plan projects. As a result of this RFI, the City's project has been placed on the Priority Project List for SAHM CWSRF funding (WW18014). This Scope of Services includes preparing a CWSRF, a Facilities Plan, and supporting documentation. A CWSRF Loan Application for Planning will be prepared under a separate standing as needed professional services" task order due to loan application schedule requirements. Stormwater components will be documented at a planning level to the extent necessary to demonstrate collection system protection and SRF eligibility. The Facilities Work Plan will be developed in accordance with SRF requirements

and will include an evaluation of at least three (3) alternatives, including "No Action", "Rehabilitation", and "Full Replacement".

B. PROPOSED SCOPE

The following sections outline our proposed scope of services, deliverables, and fees associated with the Project. These services will be performed after a Notice to Proceed has been issued in a written work or purchase order.

TASK 1 PROJECT MANAGEMENT SERVICES

SUBTASK 1.01 PROJECT MANAGEMENT AND COORDINATION

1. CONSULTANT will develop project management and administration documents needed for project set-up. The CONSULTANT will provide monthly status reports to accompany monthly invoices and will manage and administer the project from inception through close-out.
2. CONSULTANT will coordinate with FDEP SRF staff in preparing the draft SRF loan application and supporting documents.

SUBTASK 1.02 MEETINGS

1. The Consultant will attend one (1) kickoff meeting with the City. The meeting will include a review of the project scope, potential project hurdles, and any other coordination requirements. The CONSULTANT will prepare an agenda and minutes for the meeting. The Kickoff Meeting will include site visits of the four (4) lift stations associated with the Project.
2. The CONSULTANT will also prepare a request for background documentation, such as existing drawings, reports, SCADA data, work order data, inspection sheets, photos, standards, planning documents, and necessary general conditions and construction forms.

TASK 2 FACILITIES WORK PLAN AND FUNDING ASSISTANCE

SUBTASK 2.01 FACILITIES WORK PLAN

1. CONSULTANT will coordinate with the CITY to obtain relevant available information for the project. The CONSULTANT will develop and maintain a data collection spreadsheet to document the data collection process and identify missing data. The CONSULTANT will process and review relevant data to support this Task and others.
2. As part of data collection, CONSULTANT will perform planning-level civil and site screening for the four (4) lift stations, including review of available record drawings, site layout constraints, finished grades, and known flood elevations. Planning-level civil screening will also include consideration of stormwater flow paths/drainage patterns in the vicinity of the Project lift stations and identification of feasible measures to direct stormwater away from critical lift station components (planning-level only).

3. For each alternative, the CONSULTANT will assess constructability, anticipated modifications (including but not limited to equipment elevation, access improvements, concrete pad condition), and ability to improve system resiliency during major rainfall or storm events, including consideration of measures to reduce storm-driven inflow/I&I impacts and protect lift station operations.
4. CONSULTANT will prepare the Facilities Work Plan in accordance with FDEP funding requirements listed in rules 62-503, F.A.C.. The Work Plan will address the four (4) Project lift stations. The Work Plan will also include planning-level documentation of stormwater master plan improvements being advanced under the SAHM/CWSRF Proposed Project that directly protect the wastewater collection system from storm-driven inflow/infiltration.
5. A draft Work Plan will be submitted to the CITY for review and comment, leading up to a review workshop. The final Work Plan will address CITY comments and questions.

SUBTASK 2.02 PUBLIC COORDINATION

1. The CONSULTANT will attend up to one (1) public meeting, such as City Commission Meetings, to serve as subject matter experts related to SRF Loan Application agenda items.
2. The CONSULTANT will be present to address public questions and prepare presentations and materials in coordination with the CITY.

C. MILESTONES AND SCHEDULE

1. Project Milestones are identified by deliverables at the proposed schedule below:

Task	Deliverable	Weeks from Notice to Proceed
	Draft Facilities Work Plan	12
	Final Facilities Work Plan	14

D. ASSUMPTIONS AND OTHER ITEMS

1. The CONSULTANT does not guarantee that a submitted CWSRF Loan Application will result in the successful receipt of any SFR funding that is available at the time of submission.
2. The Facilities Work Plan will define resiliency objectives at a planning level and will not establish final design criteria. If authorized, final design criteria and permitting requirements will be developed during subsequent design phases.
3. Stormwater-related services under this scope are limited to stormwater components associated with the SAHM/CWSRF Proposed Project and documentation necessary to support Facilities Plan/Work Plan requirements, and do not include preparation of a citywide stormwater facilities plan or update to the City's Stormwater Master Plan.
4. On notice, the CITY will provide the CONSULTANT with the following information and services, and the CONSULTANT may reasonably rely on this information for use on the project:
    a. Discharge Monitoring Reports, and Daily Operational Process Data
    b. Copies of Operational Permits
    c. Record drawings and Asset Data
    d. Supervised access to facilities and sites.
5. Services not specifically identified in this Scope of Work are not included. These services can be provided at the request of the CITY through an amendment of this Scope, if permissible under the conditions of the CONTRACT and requirements of the CCNA. These include:
    a. Financial analyses are required for the SRF loan application, which the City is to provide.
    b. Updates to the City's Comprehensive Plan.
    c. Public notices that may be required.
    d. Detailed design documents, permits, or bid documents.
    e. Development of a Request for Qualifications for final design documents.
    f. Preparation of a RFI or CWSRF Application for Construction funding.

E. PROPOSED FEE AND PAYMENT

1. The Consultant proposes to provide the professional consulting services described herein at the established fixed fees outlined in the table below. Fixed fees will be invoiced at a rate based on project progress. Direct expenses will be invoiced at the rate incurred and provided with backup documentation.
2. Costs are computed by the Consultant's 2026 Rate Schedule. A complete copy of this Rate Schedule can be provided at request.
3. The proposed totalized fees for the service described are summarized as follows:

Task	Description	Fixed Fee Amount	Time and Materials Amount	Total
Task 1	Project Management Services	$15,670.00	$1,750.00	$17,420.00
Task 2	Facilities Work Plan & Funding Assistance	$57,178.00	$-	$57,178.00
	Total Proposed Fee	**$72,848.00**	**$1,750.00**	**$74,598.00**

4. **Attachment B** includes a complete proposed fee breakdown.

F. AUTHORIZATION

The Scope of Services and Compensation stated in this proposal have been reviewed and approved by the Consultant's appropriate contracting authority.

Prepared By: MCKIM AND CREED, INC.

By: _____

Name: Charles Hill, P.E., BCEE

Title: Client Manager

Date: 01/23/2026

Approved By: MCKIM AND CREED, INC.

By: _____

Name: Mario E. Loaiza, P.E., F.ASCE

Title: Regional Manager

Date: 01/23/2026

Accepted By: CITY OF FLAGLER BEACH, FLORIDA

By: _____

Name: Patti King

Title: Mayor

Date: Feb. 12, 2026

END OF ATTACHMENT A
SCOPE OF SERVICES SUMMARY

Fee Summary

Task		Engineering Manager	Project Manager II	Project Engineer III (I&C)	Project Engineer III (Electrical)	Project Engineer I (Stormwater)	Project Engineer II (Water Proc.)	Designer I
		$ 314.00	$ 243.00	$ 238.00	$ 238.00	$ 179.00	$ 203.00	$ 127.00
Task 1 Project Management Services								
1.01	Project Management		4				16	
1.02	Kickoff Meeting	12	4	4	8	12	6	
Task 1 Subtotal		**12**	**8**	**4**	**8**	**12**	**22**	
Task 2 Facilities Work Plan & Funding Assistance								
2.01	Facilities Work Plan Preparation	12	4	24	64	54	66	40
2.02	Public Coordination		4				6	
Task 2 Subtotal		**12**	**8**	**24**	**64**	**54**	**72**	**40**
Total		**24**	**16**	**28**	**72**	**66**	**94**	**40**

SHEPARD SMITH HAND & BRACKINS

February 26, 2026

Ms. Angela Knecht
Program Administrator
State Revolving Fund Management
3900 Commonwealth Blvd., Mail Station 3505
Tallahassee, Florida 32399-3000

Re: WW18014 – City of Flagler Beach, Florida
SAHM Lift Station Hardening Improvements

Dear Ms. Knecht:

I am the duly appointed City Attorney for the City of Flagler Beach. The City proposes to borrow $ 19,166,500, with 50% of the amount expected to be principal forgiveness, depending on eligibility, from the State Revolving Fund for the construction of the City's wastewater treatment facilities. The loan will be secured by the revenues of the City's water and sewer system and the pledged revenues are legally available to pledge. The City of Flagler Beach has the legal authority to increase rates to ensure repayment of the loan.

The pledge on revenues is subject to two prior SRF Loans:

1) CW180130 and
2) DW180101

Sincerely,

D. Andrew Smith, III
City Attorney

407.622.1772 shepardfirm.com 2300 Maitland Center Pkwy, Ste 100 Maitland, FL 32751



RESOLUTION 2026-18: SAHM SRF LOAN APPLICATION

March 26, 2026 - City Commission Meeting



TABLE OF CONTENTS

What is the “SAHM”?

City’s SAHM Project & Why It Matters

SRF Process (simplified)

City’s SRF Timeline

What About the Costs?

Next Steps

Questions

WHAT IS THE “SAHM”?

DEFINITION

SAHM: Through the American Relief Act, 2025, the EPA included $3 billion in disaster relief of a Supplemental Appropriation for Hurricanes Helene and/or Milton and Hawai’i Wildfires (SAHM) for the State Revolving Fund (SRF) programs.

Clean Water SRF - Same program used for the WWTP

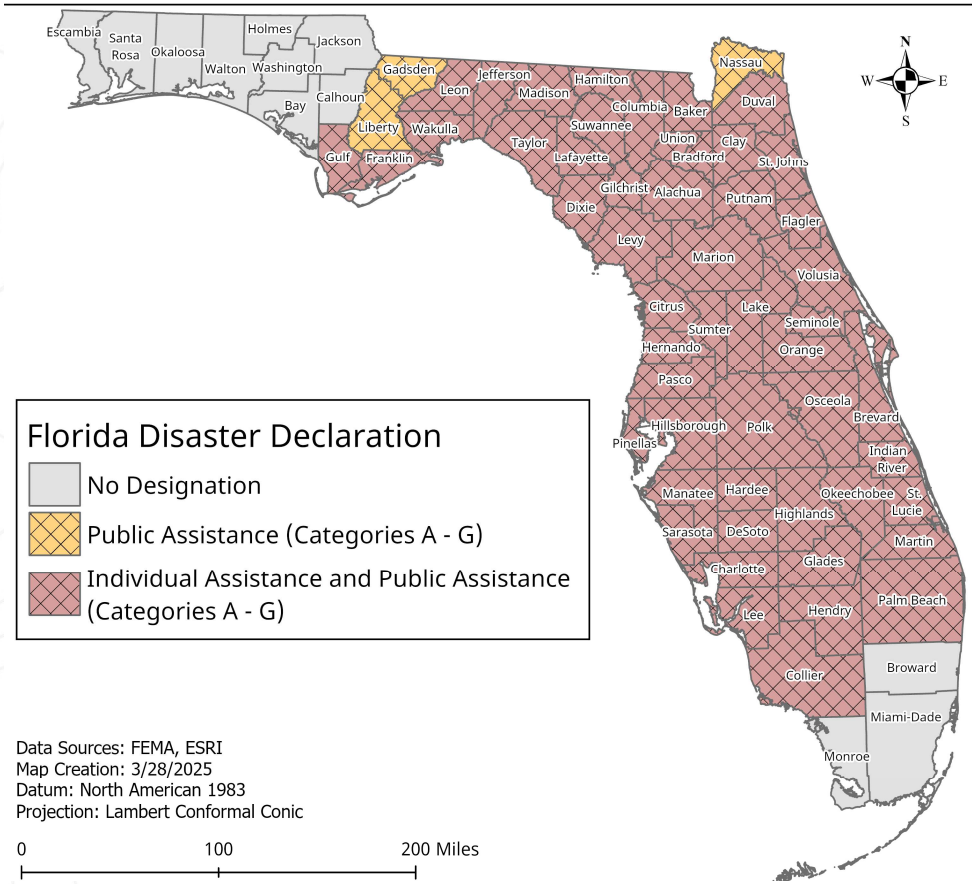
PURPOSE

- Projects must demonstrate damages, impacts, loss, or disruption caused by Hurricane Helene and/or Milton
- Projects must address improvements to reduce flooding risk, enhance resilience, and reduce vulnerability.

FUNDS

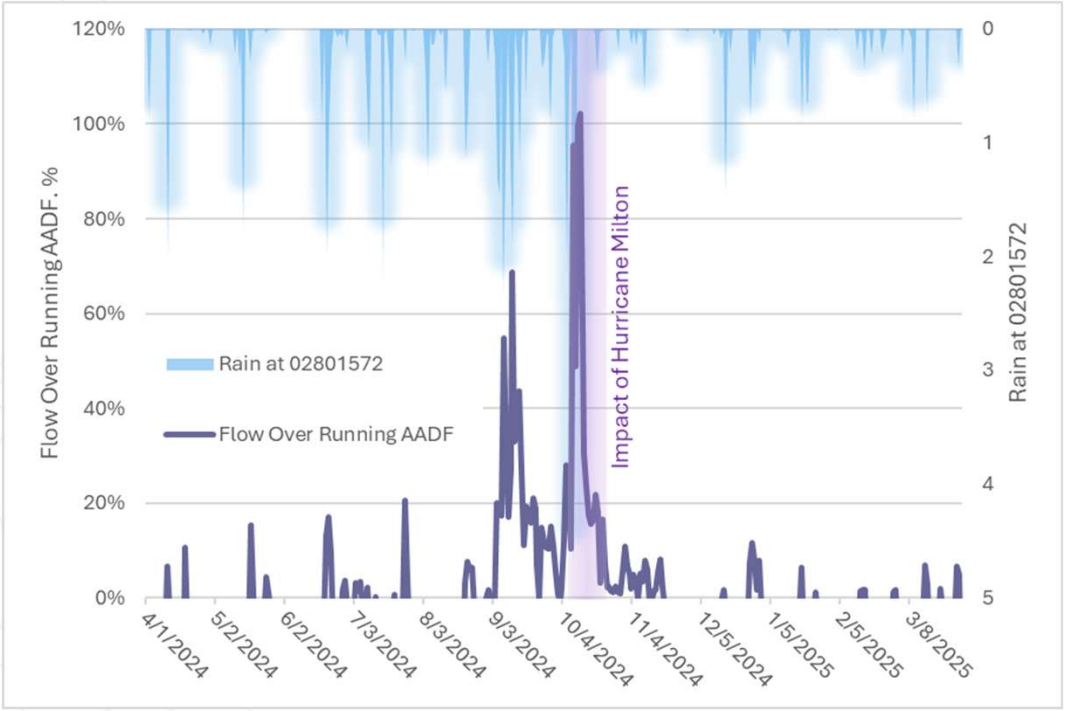
- Approximately $806 million for Florida’s Clean Water State Revolving Fund
- **All loans include 50% principal forgiveness**

FEMA Designated Areas for Category F: Public Utilities



CITY'S SAHM PROJECT & WHY IT MATTERS

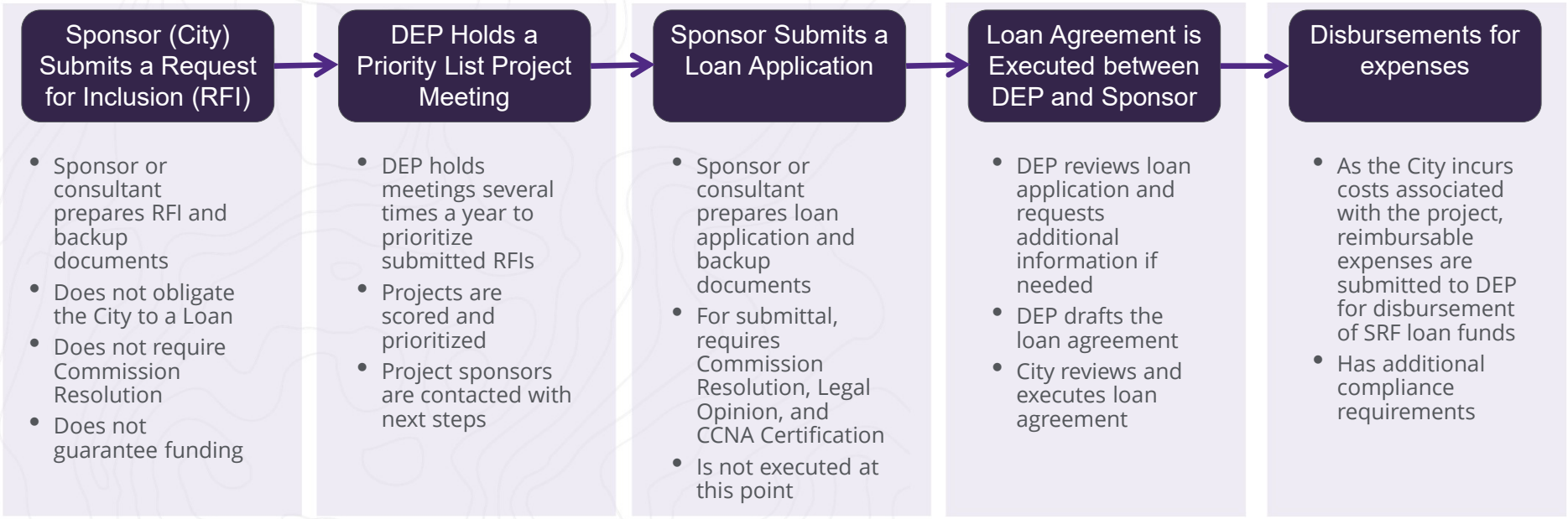
- Purpose: To prevent interruption of service and impacts to the WWTP from storm events.
- Justification: Reduces the risk of harm to environmental and public health, reduces compliance risks.
- Scope: Design and Construct Improvements to increase flood resilience to sanitary lift stations, possibly including:
  - Raising existing top of structure and control panels sufficiently above flood elevation
  - Improving stormwater infrastructure to divert stormwater away from sanitary lift stations
  - Replacing end-of-life equipment
- Budget: Initial planning level estimates include $19.3M in improvements (*more on this later*)



ID	Location	Vulnerability
PS-3	S Flagler Ave & 6th St S	Adjacent to a waterway, corroded panel susceptible to water
PS-6	1101 N Daytona Ave	Top at surface elevation within stormwater drainage path
LS-7	17 Oak Lane	Suction lift configuration, difficult to access
LS-8	1727 Windsong Cir.	Adjacent to a waterway, suction lift configuration

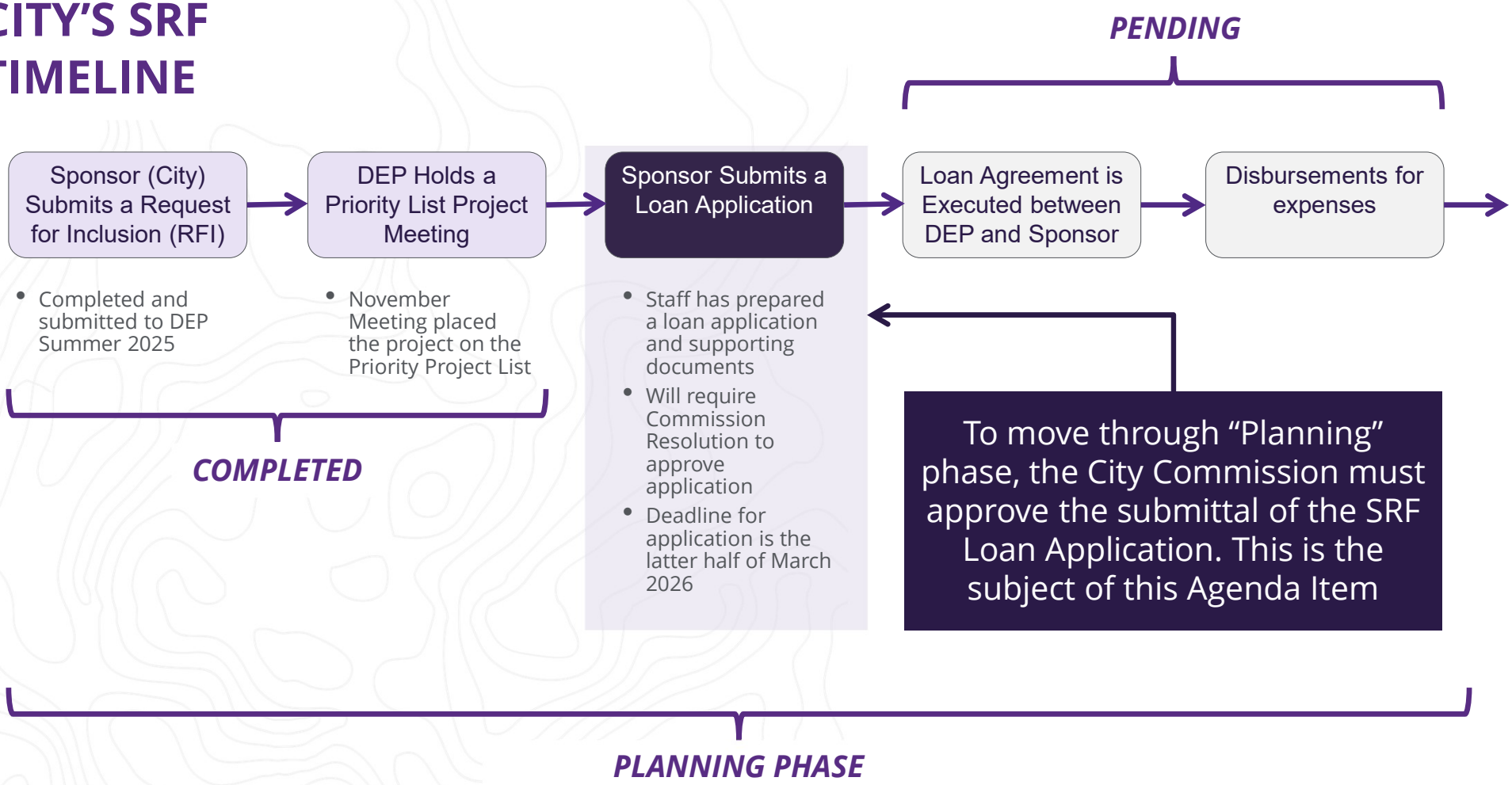
SRF PROCESS

***SIMPLIFIED**



THIS PROCESS CAN HAPPEN UP TO THREE TIMES PER PROJECT: PLANNING, DESIGN, CONSTRUCTION

CITY'S SRF TIMELINE



WHAT ABOUT THE COSTS?

WHERE DID THE $19.3M ESTIMATE ORIGINATE?

- McKim & Creed prepared an estimate based on:
  - ~$1.9M for each lift station structural, mechanical, & electrical improvements (PS-3, PS-6, LS-7, LS-8)
  - ~$8.0M in three Stormwater Master Plan Projects
  - ~$3.7M in "soft costs" (planning, design, construction contingency, CEI)
  - Reward is capped at $19,166,503

HOW WILL COST ESTIMATES BE REFINED?

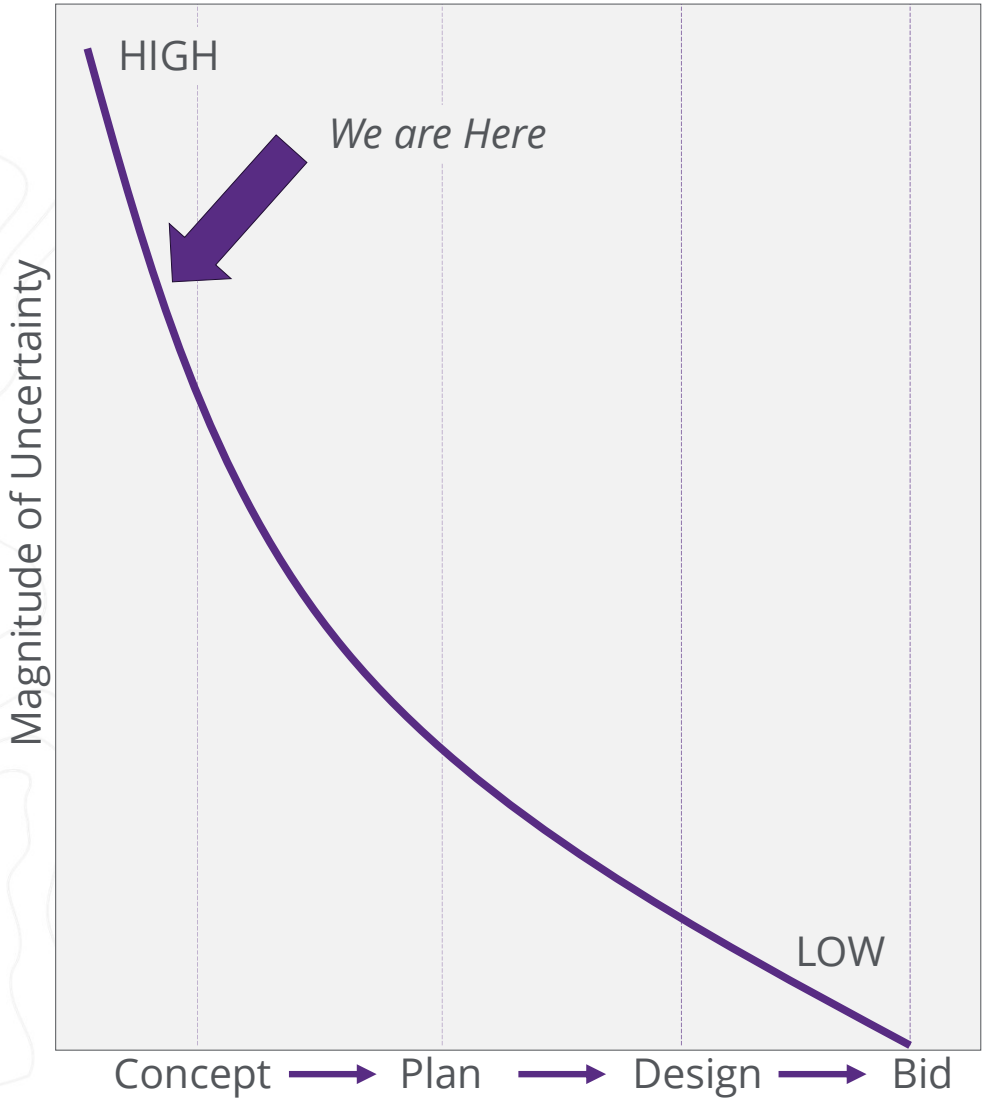
- Planning level estimates will be refined and potentially reduced, especially the stormwater portions of the project.
- Design phase consultant will further reduce uncertainty and allow for scope adjustments.
- Competitive Bidding – start with clear and concise bid documents

TAKEAWAYS

Time to prepare RFI submittal was short

RFI Estimate based on available data at the time

Refine costs through design



NEXT STEPS

IF APPROVED – NEXT STEPS

- Submit the SRF Loan Application
- Prepare the Facilities Work Plan
- Commission review and approval of the Facilities Work Plan.

IF NOT APPROVED– NEXT STEPS

- Address Commission needs as it relates to the project.
- Look for other funding opportunities.
- Continue hardening the system to maintain compliance, such as tracing down system leaks and repairing.

TAKEAWAYS

SAHM CW SRF Loan has 50% Principal Forgiveness

Commission will be informed and make decision on adoption of Facility Work Plan

Protects Environmental/Public Health, and Compliance





Thank you.

QUESTIONS

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	William Freeman, City Engineer/Public Works Administrator
Meeting Date:	March 26, 2026
Item Name:	Resolution 2026-20. A Resolution by the City Commission of the City of Flagler Beach approving Change Order No. 1 for Project #623 with U.S. Water Services Corporation for asphalt restoration and scope adjustments, in the amount of $13,431.00; providing for conflict and an effective date.

Background:

Project #623 involves valve installation work at multiple intersections throughout the City. During construction, U.S. Water Services Corporation determined that additional asphalt restoration was required to complete the open-cut work associated with the valve installations. The contractor's proposal includes providing MOT, opening the roadway, and replacing asphalt at six intersections:

S. 13th Street & S. Daytona Avenue
S. 13th Street & S. Central Avenue
S. 14th Street & S. Daytona Avenue
S. 14th Street & S. Central Avenue
S. 15th Street & S. Daytona Avenue
S. 15th Street & S. Central Avenue.

The cost for this work is listed as $21,210.00.

The contractor also identified that valve installation work at S. 16th Street & S. Daytona Avenue and S. 16th Street & S. Central Avenue would no longer be required, resulting in a deduction of $9,000.00.

A 10% contingency of $1,221.00 is included, bringing the total Change Order amount to $13,431.00. Approval of this Change Order will align the contract with the actual work required and ensure proper roadway restoration at the affected locations.

Fiscal Impact:
The total fiscal impact of Change Order No. 1 is $13,431.00, inclusive of a contingency. Funding

will be drawn from the appropriate project account within the City's budgeted Utility Capital project consistent with the original project allocation.

Staff Recommendation:

Staff recommends approval of Resolution 2026-20, approving Change Order No. 1 for Project #623 with U.S. Water Services Corporation in the amount of $13,431.00, and authorizing the City Manager to execute the Change Order and all related documents.

Attachments:

1. Resolution 2026-20 Change Order US Water
2. Project #623 -Change Order 1 - Asphalt addition with contingency
3. Engineer Letter

RESOLUTION 2026-20

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, APPROVING CHANGE ORDER NO. 1 FOR PROJECT #623 TO U.S. WATER SERVICES CORPORATION FOR ASPHALT RESTORATION AND SCOPE ADJUSTMENTS, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Flagler Beach is currently executing Project #623 involving valve installation work at multiple intersections within the City; and,

WHEREAS, U.S. Water Services Corporation has submitted Change Order No. 1 proposing to provide Maintenance of Traffic, open-cut the roadway, and replace asphalt necessary to complete valve installation work at the intersections of S. 13th Street & S. Daytona Avenue; S. 13th Street & S. Central Avenue; S. 14th Street & S. Daytona Avenue; S. 14th Street & S. Central Avenue; S. 15th Street & S. Daytona Avenue; and S. 15th Street & S. Central Avenue, at a cost of $21,210.00; and,

WHEREAS, the Change Order also removes the valve installation work at S. 16th Street & S. Daytona Avenue and S. 16th Street & S. Central Avenue, resulting in a deduction of $9,000.00 from the project cost; and,

WHEREAS, the Change Order includes a 10% contingency in the amount of $1,221.00, resulting in a revised total Change Order amount of $13,431.00; and,

WHEREAS, staff has reviewed Change Order No. 1 and determined that its approval is necessary to ensure appropriate roadway restoration and to accurately reflect the revised scope of work for Project #623;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA AS FOLLOWS:

SECTION 1. The “WHEREAS” clauses above are hereby incorporated herein as legislative findings.

SECTION 2. The City Commission hereby approves Change Order No. 1 for Project #623 with U.S. Water Services Corporation in the amount of $13,431.00, inclusive of contingency, and authorizes the City Manager to execute the Change Order and all related documents.

SECTION 3. All resolutions and parts of resolution in conflict with this resolution are hereby repealed.

SECTION 4. If any portion of the Resolution shall be declared unconstitutional or if the applicability of this Resolution or any portion thereof to any person or circumstances shall be

held invalid, the validity of the remainder of this Resolution and the applicability of this Resolution, or any portion thereof to other persons or circumstances, shall not be affected thereby.

SECTION 5. This Resolution shall become effective upon execution.

Upon motion duly made and carried, the foregoing Resolution was accepted by the City Commission of the City of Flagler Beach this 26th day of March, 2026.

CITY OF FLAGLER BEACH, FLORIDA

PATTI KING, MAYOR

ATTEST:

PENNY OVERSTREET, CITY CLERK

U.S. Water® Services Corporation
4939 Cross Bayou Boulevard
New Port Richey, FL. 34652

Proposal

Date	11/19/2025
Estimate #	
Account#	
P.O. #	
Terms	Net 30
Email	wtyson@uswatercorp.net
Phone#	352-438-8253
Fax#	352-236-2118

Name / Address

City of Flagler Beach

Project

Project #623 -Change Order 1 - Asphalt addition

Description	Item	Price
USWSC proposes to perform the following work: Provide MOT, open cut the road way and replace the asphalt needed to perform the valve installations at the following intersections: S 13th ST & S Daytona, S 13th ST & S Central, S 14th ST & S Daytona, S 14th ST & S Central, S 15th ST & S Daytona, S 15th ST & S Central. This cost is $21210.00 The valves installations at S 16th ST & S Daytona, S 16th ST & S Central will be removed from this project. This will deduct $9000 from the cost.		
	MOT & Asphalt	$21,210.00
	16th Street Valve	-$9,000.00
	10% Contingency	$1,221.00
	Total Materials Cost	
Price listed represents the specific scope of service stated above. Proposal as quoted represents, labor, material and project management Specific to the items listed. With exception of emergency circumstances, should it become necessary to perform additional services due to unforeseen circumstances, a change order will be required. Change order shall be executed by the owner prior to continuation of work. Payment is expected with in 30 days from receipt of invoice(s) related to work. Effective term is 30 days from date of proposal	**Shipping & Handling**	
	Labor Total	
Thank You for allowing us to present this proposal.		**$13,431.00**

Signature to begin work: _____

CITY OF
FLAGLER BEACH
FLORIDA

Date: February 23, 2026

Subject: Recommendation for Approval – Change Order No. 1, Project #623

Honorable Commissioners,

City staff has reviewed the Change Order No. 1 submitted by U.S. Water Services Corporation for Project #623. The contractor proposes to provide MOT, open-cut the roadway, and replace asphalt at six intersections associated with valve installation work. The proposal lists this work at a cost of $21,210.00. The contractor also removes two valve installation locations from the project scope, resulting in a deduction of $9,000.00. A 10% contingency of $1,221.00 is included, resulting in a total Change Order amount of $13,431.00.

Based on the field conditions observed and the work required to complete the project to City standards, the asphalt restoration included in this Change Order is necessary and appropriate. The removal of the two valve locations is also consistent with the revised operational needs identified during construction.

Engineering Recommendation

The Engineering Department finds that Change Order No. 1 accurately reflects the revised scope of work and is required to ensure proper roadway restoration at the affected intersections. The pricing is consistent with the work performed and the adjustments made to the project.

Accordingly, the Engineering Department recommends approval of Change Order No. 1 in the amount of $13,431.00.

Bill Freeman, P.E.

William H. Freeman

City Engineer
City of Flagler Beach

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	William Freeman, City Engineer/Public Works Administrator
Meeting Date:	March 26, 2026
Item Name:	Resolution 2026-23. A Resolution of the City Commission of the City of Flagler Beach authorizing the installation of Miami curbs at twenty-six (26) south alley locations and approving a not-to-exceed amount of $87,561.00; providing for conflict and an effective date.

Background:

The City continues to address localized stormwater conveyance challenges throughout the community, particularly within alleys that lack defined edges to guide runoff. Several alleys along 19th Street, 20th Street, and 21st Street west of S. Central Avenue and S. Daytona Avenue have been identified by staff as priority locations for improvements due to recurring washout, erosion, flooding into alleys, and inefficient stormwater flow paths.

To correct these issues, staff evaluated twenty-six (26) specific locations where the installation of "Miami curbs" will stabilize the pavement edge, reduce maintenance needs, and help convey stormwater down the street and out of the alleys, where it can enter the City's established drainage system. These improvements will reduce ponding, improve flow efficiency, and support the City's broader stormwater resiliency goals.

3B's Custom Concrete, Inc., a local contractor based in Flagler Beach, submitted a proposal dated January 29, 2026, to install Miami curbing at the identified locations.

Scope of Work

- Removal of existing asphalt and grading of each curb location
- Forming and plate compaction to establish proper curb alignment
- Installation of 2-#5 reinforcing steel bars per curb section
- Placement of 3,000 PSI fiber-reinforced concrete
- Broom finish and installation of expansion cuts
- Asphalt patching at all disturbed pavement edges
- Re-sodding with Bahia grass for site restoration
- Maintenance-of-traffic using FDOT-compliant signage and cones throughout construction

The contractor’s proposal includes all permits, labor, materials, and a 10% contingency, for a total not-to-exceed cost of $87,561.00.

Fiscal Impact:
Funding for this project will be drawn from the City’s Stormwater capital project. The total proposed cost is $87,561.00.

Staff Recommendation:
Staff recommends approval of Resolution 2026-23, authorizing the installation of Miami curbing by 3B’s Custom Concrete, Inc. in an amount not to exceed $87,561.00, to improve stormwater conveyance and enhance the long-term performance of the City’s alley drainage system.

Attachments:
1. Resolution Miami Curb
2. Scope for Miami Curb
3. 3Bs Concrete Quote
4. CityFBCostBreakoutAlley26Curbs
5. CityFBAlley26CurbsList
6. Miami Curb Construction Detail
7. Sparks Concrete and Asphalt's Quote to City of Flagler Beach- Updated 26th Allyway updated again
8. Final Inspection

RESOLUTION 2026-23

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, APPROVING A PROPOSAL FROM 3B'S CUSTOM CONCRETE, INC. FOR THE INSTALLATION OF MIAMI CURBS LOCATED AT VARIOUS SOUTHERN ALLEY LOCATIONS THROUGHOUT THE CITY AND AUTHORIZING A NOT-TO-EXCEED AMOUNT OF $87,561.00 FOR THE WORK.

WHEREAS, the City's southern alleys have experienced ongoing erosion, edge failure, and drainage issues that require corrective action to protect public infrastructure and maintain safe access for residents and service vehicles; and,

WHEREAS, these conditions disrupt proper stormwater movement, causing runoff to stall within the alleys rather than flowing toward the roadway and established drainage paths; and,

WHEREAS, City staff conducted a comprehensive review of the affected alleys and identified twenty-six (26) locations where installation of Miami curbs is necessary to establish a defined edge, protect the pavement structure, and direct stormwater out of the alleys and down the street where it can be properly conveyed; and,

WHEREAS, staff obtained a proposal from 3B's Custom Concrete, Inc. to perform all required work, including asphalt removal, grading, forming, rebar installation, concrete placement, asphalt restoration, and sod replacement, consistent with applicable curb specifications; and,

WHEREAS, the contractor provided a detailed cost breakdown for labor, materials, equipment, traffic control, and contingency, and staff has reviewed the scope and determined that the pricing is appropriate for the level of work required; and,

WHEREAS, Staff finds that installing these curbs will strengthen the City's stormwater system, reduce localized flooding, and improve long-term resiliency in the southside alley network;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA AS FOLLOWS:

SECTION 1. The "WHEREAS" clauses above are hereby incorporated herein as legislative findings.

SECTION 2. The City Commission hereby approves the installation of Miami curbs at twenty-six (26) south alley locations and authorizes a not-to-exceed amount of $87,561.00 for the work to be performed by 3B's Custom Concrete, Inc.

SECTION 3. All resolutions and parts of resolution in conflict with this resolution are hereby repealed.

SECTION 4. If any portion of the Resolution shall be declared unconstitutional or if the applicability of this Resolution or any portion thereof to any person or circumstances shall be held invalid, the validity of the remainder of this Resolution and the applicability of this Resolution, or any portion thereof to other persons or circumstances, shall not be affected thereby.

SECTION 5. This Resolution shall become effective upon execution.

Upon motion duly made and carried, the foregoing Resolution was accepted by the City Commission of the City of Flagler Beach this 26th day of March, 2026.

CITY OF FLAGLER BEACH, FLORIDA

PATTI KING, MAYOR

ATTEST:

PENNY OVERSTREET, CITY CLERK

SCOPE OF WORK (SOW)

Project: 26th Alleyways – Pavement, Base, and Miami Curb Improvements
Date of Issue: 3/17/2026

1. Project Overview

This project consists of improving multiple alleyway segments through pavement reconstruction, installation of Miami curb and gutter, asphalt base and surface placement, and associated restoration. Work includes demolition, grading, forming, concrete placement, asphalt patching, and site restoration. The contractor shall provide all labor, materials, equipment, and incidentals necessary to complete the work in accordance with City standards.

2. Location & Access Requirements

- Work occurs within City-owned alleyways identified by the City.
- Contractor shall coordinate access with adjacent property owners and maintain safe pedestrian passage where feasible.
- Staging areas must be approved by the City.
- Contractor is responsible for protecting utilities, driveways, and landscaping.
- Utility locates must be scheduled prior to excavation or grading.

3. Detailed Task Descriptions

3.1 Mobilization

- Deliver equipment, materials, and personnel to the site.
- Establish staging, safety controls, and traffic/pedestrian protection.
- Conduct pre-construction walkthrough with City staff.

3.2 Pavement Saw-Cutting, Removal & Grading

- Saw-cut existing pavement along defined limits to create clean edges.
- Remove asphalt and unsuitable material as required for curb and pavement reconstruction.

- Grade subgrade to proper elevation and cross-slope to support drainage and curb alignment.
- Compact subgrade using appropriate equipment to required density.

3.3 Miami Curb & Gutter Construction

- Form Miami curb and gutter per City/FDOT R-4-type specifications.
- Install reinforcement (e.g., rebar) as required by standard detail.
- Place concrete meeting minimum strength requirements with approved additives/fiber reinforcement.
- Perform finishing, broom texture, and expansion/control cuts.
- Maintain cones/signage during curing period.
- Ensure proper alignment, grade, and drainage flow.

3.4 Asphalt Base & Surface Installation

- Install asphalt base course to specified thickness using approved materials.
- Compact base to required density and verify elevations.
- Install asphalt surface course meeting City/FDOT specifications.
- Ensure smooth transitions to existing pavement, driveways, and curb edges.
- Perform asphalt patching adjacent to new curb as required.

3.5 Restoration

- Restore disturbed areas, including re-sodding with approved sod type.
- Remove debris, excess materials, and temporary controls.
- Repair any damage to private property caused by construction activities.
- Sweep and clean all work areas prior to final inspection.

4. Performance Standards & Acceptance Criteria

- Pavement surfaces must be smooth, uniform, and free of defects.
- Curb and gutter must maintain continuous grade without ponding.

- Concrete must meet required strength and finish standards.
- All compaction must meet City/FDOT density requirements.
- Final product must match approved grades and tie-in points.

5. Materials, Equipment & Methods

- Asphalt materials must meet FDOT specifications.
- Concrete must meet minimum compressive strength and include reinforcement and additives per standard detail.
- All equipment must be appropriate for the task and in good working order.
- Methods must follow industry best practices and City standards.

6. Environmental, Safety & Regulatory Requirements

- Contractor must comply with OSHA, FDOT, and City safety standards.
- Dust control measures must be implemented during grading and demolition.
- Stormwater protection must be maintained at all times.
- No materials may be stored in a manner that obstructs drainage or access.

7. Traffic Control & Public Interface Requirements

- Provide traffic control devices per MUTCD standards.
- Maintain access for emergency vehicles at all times.
- Provide advance notice to residents regarding temporary access restrictions.
- Use flaggers when equipment obstructs alleyway entrances.
- Maintain cones/signage during concrete curing period.

8. Restoration Requirements

- Restore disturbed areas to equal or better condition.
- Re-sod areas disturbed by construction.
- Remove temporary controls, debris, and excess materials.
- Ensure final site is clean and free of hazards.

9. Deliverables & Documentation

- Daily work logs.
- Material tickets for asphalt and concrete.
- Density test results (if required).
- Final inspection sign-off.

10. Measurement & Payment Basis

- Work will be paid on a lump-sum basis per alleyway segment.
- Payment includes all labor, materials, equipment, mobilization, and incidentals.
- No separate payment will be made for cleanup, restoration, or traffic control unless otherwise authorized.

11. Contractor Responsibilities

- Provide qualified personnel and supervision.
- Maintain a safe and orderly work zone.
- Protect utilities and coordinate with utility providers as needed.
- Ensure all work meets City standards and this SOW.

12. City/Agency Responsibilities

- Provide access to project limits.
- Conduct inspections and provide timely feedback.
- Issue notices to affected residents if required.
- Review and approve deliverables.

13. Constraints, Limitations & Prohibited Actions

- No work may occur outside approved hours.
- No stockpiling materials in residential driveways or blocking access without notice.
- No deviation from approved grades without City approval.
- No disposal of materials on City or private property.

- Surveys and underground utility repairs are not included unless separately authorized.

14. Quality Assurance & Inspection Procedures

- City will conduct periodic inspections during each phase.
- Contractor must correct deficiencies at no additional cost.
- Final acceptance requires a walkthrough and written approval.

15. Change Management Procedures

- All changes must be requested in writing.
- No additional work may begin without a City-approved change order.
- Contractor must provide cost and schedule impacts for each requested change.

3B's Custom Concrete, Inc.

P O Box 2420, Flagler Beach, FL 32136
RB29003920

March 16, 2026
Proposal for City of Flagler Beach
P O Box 70, Flagler Beach, FL 32136

Job: 26 Miami curbs in alleys (see attached list), Flagler Beach, FL 32136

Install Miami curb per R-4 specification:
Set up FDOT signage/cones, schedule utility locates, remove asphalt/grade with tractor, form, plate compact, 2-#5 rebar, pour Cemex concrete 3,000 PSI with fiber, broom finish, expansion cuts, asphalt patch and re-sod (Bahia). Cones and signs shall remain in place for 28 days' concrete cure time.
Permits, labor, material and 10% contingency: $87,560.00

Not included: Surveys, damage to underground plumbing/utilities, and City of Flagler Beach retention requirements.
Please call Jill on 386-439-6034 with any questions or for locations of our work to look at. Thank you.

3'Bs Custom Concrete, Inc.		
Cost breakdown		
City of Flagler Beach		
Miami Curbs in Southside allys		
See list of 26 curbs		
	Labor	Materials
Permit		1,680.00
Road signs		1,330.00
Concrete		15,510.00
Concrete short		0.00
Mobilization	900.00	
Asphalt	3,200.00	
Demo/Prep	14,000.00	
Fill/sand/rocks		1,800.00
Rebar		3,486.00
Forms		7,840.00
Fuel	1,750.00	
Tools	1,400.00	
Sod		1,050.00
Concrete form/placement/finishing	8,400.00	
Supervision	700.00	
Sub total	30,350.00	32,696.00
Insurance/equipment/overhead/profit	10,015.50	6,539.20
Subtotal	79,600.70	
10% contingency	7,960.07	
Subtotal	87,560.77	

3'Bs Custom Concrete, Inc.

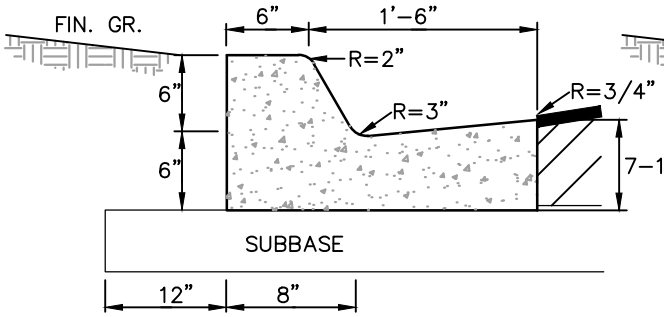
City of Flagler Beach

Description list of Miami Curbs in South Alleys

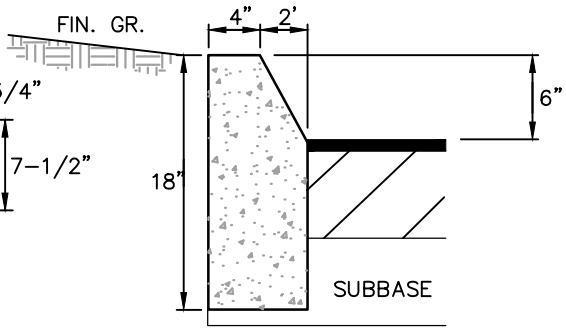
	Asphalt	Fill/8 yds.	Asphalt	Fill/8 yds.	Asphalt	Fill/8 yds.
	17th & W of A1A		17th & W of Daytona		18th & W of A1A	
Number of curbs	2		2		1	
	1	0	0	0	1	0
	17th & W of Central		18th & W of Daytona		18th & W of Central	
Number of curbs	2		2		2	
	0	1	0	1	0	1

	Asphalt	Fill/8 yds.	Asphalt	Fill/8 yds.	Asphalt	Fill/8 yds.
	19th & W of A1A		19th & W of Daytona		20th & W of A1A	
Number of curbs	1		2		2	
	1	0	0	0	1	0
	19th & W of Central		20th & W of Daytona		20th & W of Central	
Number of curbs	2		2		2	
	1	2	0	1	2	2

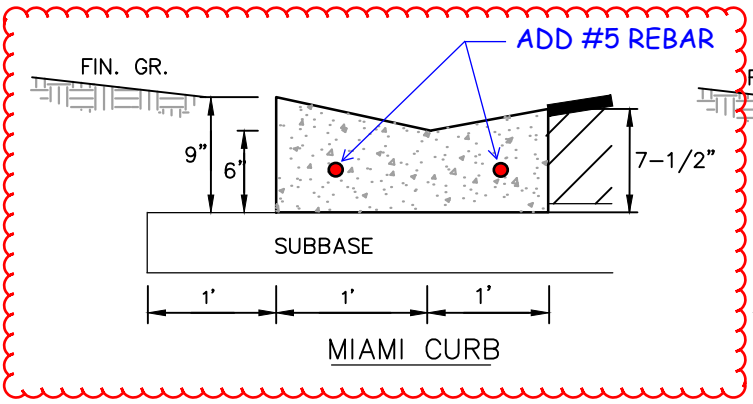
	Asphalt	Fill/8 yds.
	21st & W of A1A	
Number of curbs	2	
	0	0
	21st & W of Central	
Number of curbs	2	
	1	1



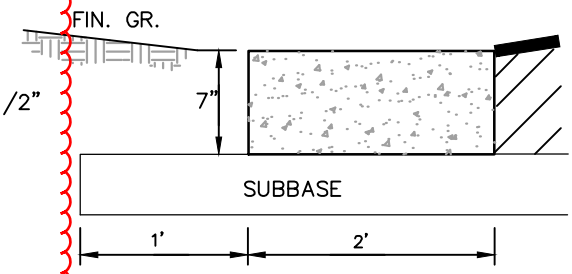
F.D.O.T. TYPE "F" CURB



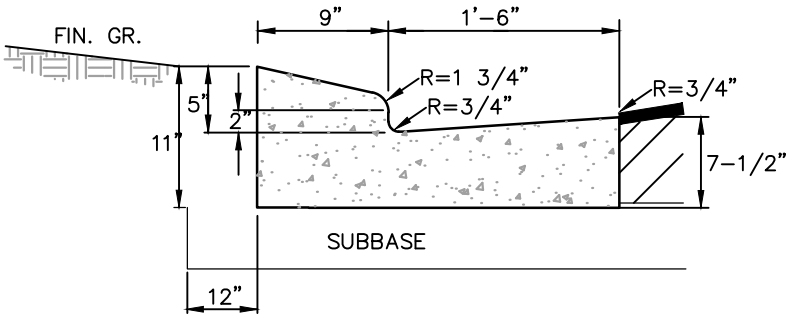
HEADER CURB



MIAMI CURB



ENVIRONMENTAL CURB



F.D.O.T. TYPE "E" CURB

NOTES:

1. ALL CURBS TO BE CONSTRUCTED OF 28 DAY, 2500 P.S.I. CONCRETE
2. 1/2" PRE-MOLDED EXPANSION JOINT REQUIRED EVERY 500', CONSTRUCTION JOINT REQUIRED EVERY 10' MAXIMUM (4' MINIMUM).
3. 1/2" PRE-MOLDED EXPANSION JOINT REQUIRED AT EACH SIDE OF ALL STORM INLET STRUCTURES AND AT ALL RADIUS POINTS.
4. 6" SUBBASE TO BE COMPACTED AND TESTED TO 98% DENSITY WITH MINIMUM L.B.R. 40 BASED ON AASHTO T-180 MODIFIED PROCTOR TEST.
5. EXPANSION JOINT MATERIAL MUST COVER THE ENTIRE CROSS SECTION OF CURB.
6. ALL EXPOSED CORNERS TO BE ROUNDED AT 3/4" MIN. RADIUS.
7. ALL CURB ENDS THAT DO NOT TIE INTO OTHER FACILITIES SHALL TRANSITION DOWN TO PAVEMENT GRADE IN 24 INCHES.

CITY OF FLAGLER BEACH FLORIDA

STANDARD CONSTRUCTION DETAIL

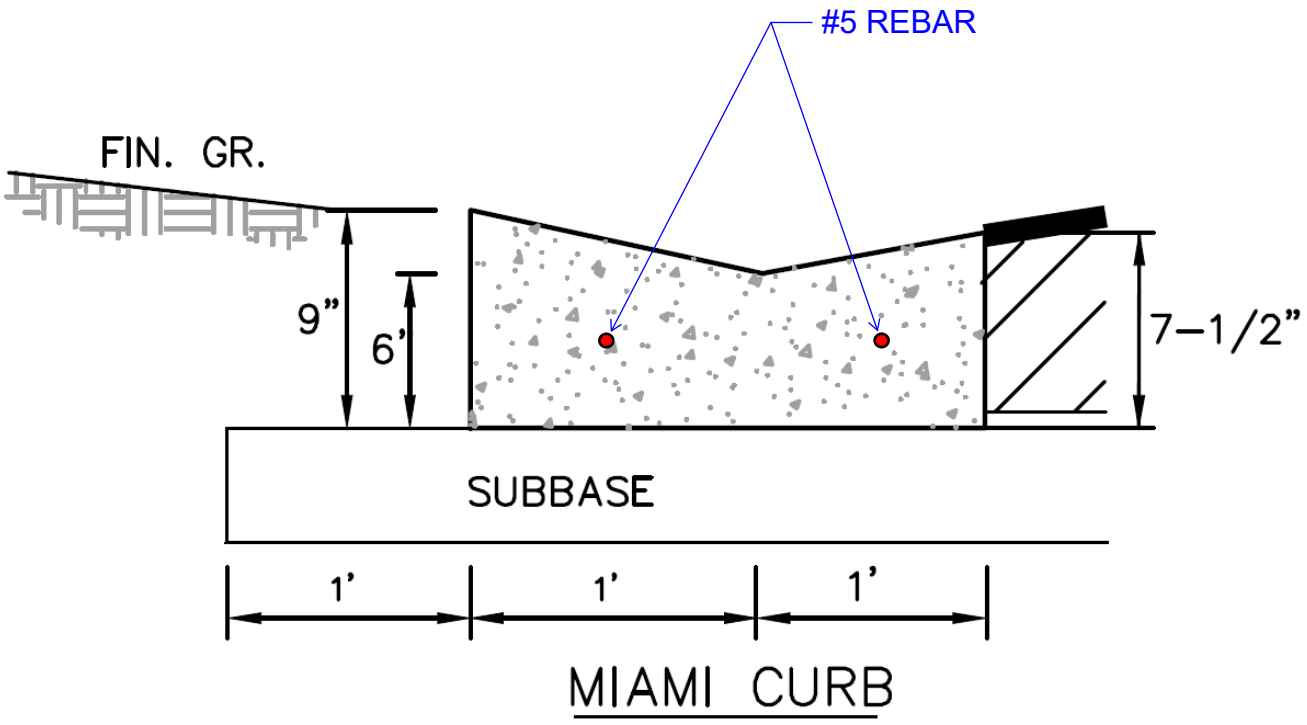
STANDARD CURB CONSTRUCTION

NTS

INDEX

R-4

FEB 2018



MIAMI CURB

Concrete & Asphalt
3060 Steel Rail Dr. Bunnell, FL 32110 / Ph# 386-760-1002
Email: sparksconcrete@cfl.rr.com
Website: sparksconcreteandasphaltllc.com
State License Number: CON11040601
Equal Opportunity Employer

QUOTE/BID

To: City Of Flagler Beach ATTN: Justin Isaacs
386-986-9058
800 South Daytona Avenue
Flagler Beach Beach FL. 32136
Email: Jisaacs@cityofflaglferbeach.com

Date: 3/17/2026

26th Allyways- Flagler Beach				
Item	**Unit**	**Qty**	**Unit-Price**	**Cost**
Mobilization	LS	26	$ 500.00	$13,000.00
Grade, Saw existing pavement for new miami curb and asphalt	LS	26	$ 1,500.00	$39,000.00
4'' Thick Asphalt Base, 2'' Thick surface SP 12.5 Asphalt 300 SF	LS	26	$ 6,500.00	$169,000.00
40 L.F Miami Curb and Gutter	LS	26	$ 2,000.00	$52,000.00
			Subtotal	$ 273,000.00
Sparks will give a 8% discount if 5 or more are done at the same time				$ -
			Subtotal	$ 273,000.00
				$ 273,000.00

This Bid/Quote is to furnish and supply the labor and materials to complete the bid items quoted above. If accepted this quote is to be signed by an authorized representative.

To Accept this Quote Sign:

_____

Date:

_____

Print Name:

_____

FINAL INSPECTION CHECKLIST

Project: Miami Curbing Install
Location: Various Locations, Flagler Beach, FL
Inspector: _____
Date of Inspection: _____

A. Demolition, Excavation & Grading

Inspection Item	Pass	Fail	Notes
Asphalt removed only within designated curb limits	☐	☐	
Alley edges graded to proper curb elevations	☐	☐	
No ponding or reverse grades along curb line	☐	☐	
Smooth transitions to existing grades	☐	☐	
Spoils removed from site	☐	☐	
Final surface prepared for sod/hydroseed	☐	☐	

B. Forming, Reinforcement & Concrete Placement

Inspection Item	Pass	Fail	Notes
Forms installed to R-4 Miami curb profile	☐	☐	
2-#5 rebar installed continuously	☐	☐	
Concrete is 3,000 PSI fiber-reinforced	☐	☐	
Concrete placed without voids or honeycombing	☐	☐	
Broom finish applied uniformly	☐	☐	

Inspection Item	Pass	Fail	Notes
Expansion cuts installed at proper spacing	☐	☐	
Curb alignment straight and consistent	☐	☐	
Forms removed without damaging curb edges	☐	☐	

C. Traffic Control & Safety

Inspection Item	Pass	Fail	Notes
FDOT-compliant signage and cones installed	☐	☐	
Traffic control maintained throughout construction	☐	☐	
Cones/signage left in place for 28-day concrete cure	☐	☐	
Work zone safe and accessible	☐	☐	

D. Asphalt Patching & Tie-Ins

Inspection Item	Pass	Fail	Notes
Asphalt patch installed at all curb tie-ins	☐	☐	
Patch flush with existing pavement	☐	☐	
No trip hazards or gaps	☐	☐	
Edges sealed and compacted	☐	☐	

E. Sod Installation & Stabilization

Inspection Item	Pass	Fail	Notes
Bahia sod installed on all disturbed areas	☐	☐	
Sod properly watered and established	☐	☐	
90% coverage achieved	☐	☐	
No bare or eroded areas	☐	☐	

F. Site Restoration & Cleanup

Inspection Item	Pass	Fail	Notes
All disturbed areas restored	☐	☐	
Sod properly watered and established	☐	☐	
Adjacent properties protected	☐	☐	
All temporary controls removed	☐	☐	

Inspector Comments:

Final Determination:

☐ All work meets SOW requirements

☐ Corrective actions required

Inspector Signature: _____

Date: _____

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	William Freeman, City Engineer/Public Works Administrator
Meeting Date:	March 26, 2026
Item Name:	Resolution 2026-29. A Resolution of the City Commission of the City of Flagler Beach approving Amendment 3 to State Revolving Fund Loan Agreement WW180131 for the Wastewater Treatment Plant Improvement Project; providing for conflict and an effective date.

Background:
The City of Flagler Beach is currently undertaking a comprehensive Wastewater Treatment Plant (WWTP) Improvement Project funded through the Florida Department of Environmental Protection's Clean Water State Revolving Fund (SRF) Loan Agreement WW180131. The original loan amount authorized $17,577,267, excluding capitalized interest.

The Florida Department of Environmental Protection has issued Amendment 3 to Loan Agreement WW180131, which:

- Provides additional financing of $20,000,000 for continued WWTP improvements.
- Revises federal funding allocations and updates Davis-Bacon, Civil Rights, and procurement compliance requirements.
- Updates Article IX regarding contracts and insurance.
- Establishes a financing rate of 1.87% per annum for the new loan increment.
- Revises the estimated loan principal to $38,082,567, including capitalized interest.
- Updates the loan service fee to $751,545.
- Revises the semi-annual loan payment to $1,091,782, beginning August 15, 2028.

These revisions reflect updated project costs, federal requirements, and the additional funding necessary to complete the WWTP Improvement Project. Staff has reviewed Amendment 3 and confirmed that the terms are consistent with the City's capital improvement planning and SRF program requirements.

Fiscal Impact:
The total estimated loan principal under Amendment 3 is $38,082,567, with a revised semi-annual loan payment of $1,091,782 beginning August 15, 2028. Loan repayment will continue to be funded through the City's Utility System revenues, consistent with prior SRF loan

obligations.

Staff Recommendation:
Staff recommends approval of Resolution 2026-29, approving Amendment 3 to State Revolving Fund Loan Agreement WW180131 for the Wastewater Treatment Plant Improvement Project.

Attachments:
1. Resolution 2026-29 WWTP SRF Amendment 3
2. Amendment 3
3. ww180131 opinion letter
4. Updated DEP Form
5. Amendment 1
6. Amendment 2

RESOLUTION 2026-29

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, APPROVING AMENDMENT 3 TO STATE REVOLVING FUND LOAN AGREEMENT WW180131 (WASTE WATER TREATMENT PLANT) WITH THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION, ACCEPTING ADDITIONAL FINANCING, REVISED LOAN TERMS, AND UPDATED CONTRACT, CIVIL RIGHTS, AND DAVIS-BACON REQUIREMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Flagler Beach previously entered into Clean Water State Revolving Fund (SRF) Loan Agreement WW180131 with the Florida Department of Environmental Protection for the Wastewater Treatment Plant (WWTP) Improvement Project, authorizing a loan amount of $17,577,267, excluding capitalized interest; and,

WHEREAS, the Department of Environmental Protection has determined that the City is eligible for additional financing in the amount of $20,000,000, excluding capitalized interest, to continue implementation of the WWTP Improvement Project; and,

WHEREAS, the Department of Environmental Protection has issued Amendment 3 to Loan Agreement WW180131, which revises federal funding allocations, updates Davis-Bacon and Civil Rights requirements, replaces Article IX regarding contracts and insurance, establishes a financing rate of 1.87% per annum for the additional loan increment, revises the estimated loan principal to $38,082,567, updates the loan service fee to $751,545, and sets the revised semiannual loan payment at $1,091,782 beginning August 15, 2028; and,

WHEREAS, Amendment 3 further requires the City to submit a legal opinion regarding pledged revenues and a completed Federal Funding Accountability and Transparency Act form prior to execution; and,

WHEREAS, City staff has reviewed Amendment 3, confirmed its consistency with the City's Wastewater Treatment Plant capital program, and recommends approval.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA AS FOLLOWS:

SECTION 1. The "WHEREAS" clauses above are hereby incorporated herein as legislative findings.

SECTION 2. The City Commission hereby approves Amendment 3 to State Revolving Fund Loan Agreement WW180131 for the Wastewater Treatment Plant Improvement Project, including all revised financing terms, compliance requirements, and updated project cost allocations contained therein.

SECTION 3. All resolutions and parts of resolution in conflict with this resolution are hereby repealed.

SECTION 4. If any portion of the Resolution shall be declared unconstitutional or if the applicability of this Resolution or any portion thereof to any person or circumstances shall be held invalid, the validity of the remainder of this Resolution and the applicability of this Resolution, or any portion thereof to other persons or circumstances, shall not be affected thereby.

SECTION 5. This Resolution shall become effective upon execution.

Upon motion duly made and carried, the foregoing Resolution was accepted by the City Commission of the City of Flagler Beach this 26th day of March, 2026.

CITY OF FLAGLER BEACH, FLORIDA

PATTI KING, MAYOR

ATTEST:

PENNY OVERSTREET, CITY CLERK

STATE REVOLVING FUND
AMENDMENT 3 TO LOAN AGREEMENT WW180131
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (the "Local Government") existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party".

The Department and the Local Government entered into a Clean Water State Revolving Fund Loan Agreement, Number WW180131, as amended, authorizing a Loan amount of $17,577,267, excluding Capitalized Interest; and

The Local Government is entitled to additional financing of $20,000,000, excluding Capitalized Interest; and

Certain provisions of the Agreement need revision and provisions need to be added to the Agreement.

The Parties hereto agree as follows:

1. Subsection 2.04(1) of the Agreement is deleted and replaced as follows:

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

Federal Resources, Including State Match, Awarded to the Recipient Pursuant to this Agreement Consist of the Following:					
Federal Program Number	Federal Agency	CFDA Number	CFDA Title	Funding Amount	State Appropriation Category
CS12000121-0	EPA	66.458	Capitalization Grants for State Revolving Funds	$37,577,267	140131

2. Section 8.09 of the Agreement is deleted and replaced as follows:

8.09. DAVIS-BACON AND RELATED ACTS REQUIREMENTS.

(1) The Local Government shall periodically interview 10% of the work force entitled to Davis-Bacon prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. Local Governments shall immediately conduct interviews in response to an alleged violation of the prevailing wage requirements. As provided in 29 CFR 5.6(a)(5) all interviews must be conducted in confidence. The Local Government must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The Local Government shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The Local Government shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, if practicable, the subrecipient should spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date of the contract or subcontract. Local Governments must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the Local Government shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(3) The Local Government shall periodically review contractors' and subcontractors' use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor (DOL) or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of laborers, trainees, and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in items (1) and (2) above.

(4) Local Governments must immediately report potential violations of the Davis-Bacon prevailing wage requirements to the appropriate DOL Wage and Hour District Office listed at http://www.dol.gov/whd/america2.htm and to the EPA Region 4 Water Division/Grants and Infrastructure Section by calling 404-562-9345. Additional information on Davis-Bacon guidance is located on the EPA website at: https://www.epa.gov/grants/davis-bacon-and-related-acts-dbra.

3 Section 8.15 of the Agreement is deleted and replaced as follows:

8.15. CIVIL RIGHTS.

The Local Government shall comply with all Title VI requirements of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and Section 13 of the Federal Water Pollution Control Act Amendments of 1972 which prohibit activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, or sex.

4. Article IX of the Agreement is deleted and replaced as follows:

ARTICLE IX – CONTRACTS AND INSURANCE

9.01. CONTRACTS.

(1) The following documentation is required to receive the Department's authorization to award construction contracts:

(a) Proof of advertising.

(b) Award recommendation, bid proposal, and bid tabulation (certified by the responsible engineer).

(c) Certification of compliance with the conditions of the Department's approval of competitively or non-competitively negotiated procurement, if applicable.

(d) Certification Regarding Disbarment, Suspension, Ineligibility and Voluntary Exclusion.

(e) Certification by the Authorized Representative that affirmative steps were taken to encourage Disadvantaged Business Enterprises participation in Project construction.

(f) Current certifications for Disadvantaged Business Enterprises participating in the contract. If the goals as stated in the plans and specifications are not met, documentation of actions taken shall be submitted.

(g) Certification that the Local Government and contractors are in compliance with labor standards, including prevailing wage rates established for its locality by the DOL under the Davis-Bacon Act for Project construction.

(h) Certification that all procurement is in compliance with Section 8.10 which states that all iron and steel products used in the Project must be produced in the United States unless (a) a waiver is provided to the Local Government by the EPA or (b) compliance would be inconsistent with United States obligations under international agreements.

(2) The following must be provided to the Department for professional services contract(s):

(a) Certification by the Authorized Representative that affirmative steps were taken to encourage Disadvantaged Business Enterprises participation.

(b) Current certifications for Disadvantaged Business Enterprises participating in the contract.

9.02. SUBMITTAL OF CONTRACT DOCUMENTS.

(1) After the Department's authorization to award construction contracts has been received, the Local Government shall submit the following documents:

(a) Contractor insurance certifications.

(b) Executed Contract(s).

(c) Notices to proceed with construction.

(2) After the Local Government has awarded the professional services contract(s), the Local Government shall submit the following documents:

(a) Executed Contract(s).

(b) Professional Services Procurement Certification.

9.03. INSURANCE REQUIRED.

The Local Government shall cause the Project, as each part thereof is certified by the engineer responsible for overseeing construction as completed, and the Utility System (hereafter referred to as "Revenue Producing Facilities") to be insured by an insurance company or companies licensed to do business in the State of Florida against such damage and destruction risks as are customary for the operation of utility systems of like size, type and location to the extent such insurance is obtainable from time to time against any one or more of such risks.

The proceeds of insurance policies received as a result of damage to, or destruction of, the Project or the other Revenue Producing Facilities, shall be used to restore or replace damaged portions of the facilities. If such proceeds are insufficient, the Local Government shall provide additional funds to restore or replace the damaged portions of the facilities. Repair, construction or replacement shall be promptly completed.

5. Additional financing in the amount of $20,000,000, excluding Capitalized Interest, is hereby awarded to the Local Government.

6. A Financing Rate of 1.87 percent per annum is established for the additional financing amount awarded in this amendment. Individually, the interest rate is 1.87 percent per annum and the Grant Allocation Assessment rate is 0 percent per annum. However, if this amendment is not executed by the Local Government and returned to the Department before April 1, 2026, the Financing Rate may be adjusted.

7. The estimated principal amount of the Loan is hereby revised to $38,082,567, which consists of $37,577,267 authorized for disbursement to the Local Government and $505,300 of Capitalized Interest.

8. An additional Loan Service Fee in the amount of $400,000, for a total of $751,545, is hereby estimated. The fee represents two percent of the Loan amount excluding Capitalized Interest, that is, two percent of $37,577,267.

9. The Semiannual Loan Payment amount is hereby revised and shall be in the amount of $1,091,782. Such payments shall be paid to, and must be received by, the Department beginning on August 15, 2028 and semiannually thereafter on February 15 and August 15 of each year until all amounts due hereunder have been fully paid. Until this Agreement is further amended, each Semiannual Loan Payment will be proportionally applied toward repayment of the amounts owed on each incremental Loan amount at the date such payment is due.

The Semiannual Loan Payment amount is based on the total amount owed of $38,834,112, which consists of the Loan principal plus the estimated Loan Service Fee.

10. Section 10.06 of the Agreement is revised as follows:

The Local Government and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this agreement. Project cost adjustments

may be made as a result of construction bidding or Project changes agreed upon by the Department. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Local Government receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of an audit.

Funds disbursed in accordance with Section 4.08 of this Agreement shall be disbursed in the order in which they have been obligated without respect to budgetary line item estimates. All disbursements shall be made from the original Loan amount until that amount has been disbursed; the Financing Rate established for the original Loan amount shall apply to such disbursements for the purpose of determining the associated Capitalized Interest and repayment amount. The Financing Rate established for any additional increment of Loan financing shall be used to determine the Capitalized Interest and repayment amount associated with the funds disbursed from that increment.

The estimated Project costs are revised as follows:

CATEGORY	PROJECT COSTS ($)	AUTHORIZED LOAN AMOUNT ($) TO DATE
Construction and Demolition	46,307,000	*Line items may vary*
Contingencies	2,315,350	*based on Actual*
Technical Services After Bid Opening	3,378,300	*Disbursements*
SUBTOTAL (Disbursable Amount)	52,000,650	37,577,267
Capitalized Interest	505,300	505,300
TOTAL (Loan Principal Amount)	52,505,950	38,082,567

11. Subsection 10.07(4) of the Agreement is revised as follows:

(4) The first Semiannual Loan Payment in the amount of $1,091,782 shall be due August 15, 2028.

12. Section 10.08. of the Agreement is added as follows:

10.08. SPECIAL CONDITIONS.

Prior to execution of this Agreement, the Local Government shall submit the following:

(1) A Legal Opinion addressing the availability of Pledged Revenues, the right to increase rates, and subordination of the pledge; and

(2) A completed Federal Funding Accountability and Transparency Act Form.

13. All other terms and provisions of the Loan Agreement shall remain in effect.

This Amendment 3 to Loan Agreement WW180131 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Loan Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Department.

for
CITY OF FLAGLER BEACH

_____
Mayor

Attest:

_____
City Clerk

SEAL

Approved as to form and legal sufficiency:

_____
City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

_____
Secretary or Designee

_____
Date

SHEPARD
SMITH
HAND &
BRACKINS

March 12, 2026

Ms. Angela Knecht
Program Administrator
State Revolving Fund Management
3900 Commonwealth Blvd., Mail Station 3505
Tallahassee, Florida 32399-3000

Re: WW180131 – City of Flagler Beach, Florida
Wastewater Treatment Plan Biological Nutrient Removal Improvements

Dear Ms. Knecht:

I am the duly appointed City Attorney for the City of Flagler Beach. The City proposes to amend Loan Agreement 180131 to increase the financing amount to $37,577, 267. The loan will be secured by the revenues of the City's water and sewer system and the pledged revenues are legally available to pledge. The City of Flagler Beach has the legal authority to increase rates to ensure repayment of the loan.

The pledge on revenues is subject to two prior SRF Loans:

1) CW180130 and
2) DW180101

Additionally, another SRF Loan, WW18014, with water and sewer system revenues pledged, shall be considered by the City Commission contemporaneously with its consideration of the Loan Amendment discussed herein.

Sincerely,

D. Andrew Smith, III
City Attorney

407.622.1772 shepardfirm.com 2300 Maitland Center Pkwy, Ste 100 Maitland, FL 32751

Florida Department of Environmental Protection
Federal Funding Accountability and Transparency Act Form – Subaward to a Recipient

Submit completed form to: Contracts_Adm@FloridaDEP.gov

Purpose: The Federal Funding Accountability and Transparency Act (FFATA) was signed on September 26, 2006. The intent of this legislation is to empower every American with the ability to hold the government accountable for each spending decision. The FFATA legislation requires information on federal awards (federal assistance and expenditures) be made available to the public via a single, searchable website, which is http://www.usaspending.gov/.

The FFATA Subaward Reporting System (FSRS) is the reporting tool the Florida Department of Environmental Protection ("DEP") must use to capture and report subaward and executive compensation data regarding first-tier subawards that obligate $30,000 or more in Federal funds (excluding Recovery funds as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5).
[Note: This reporting requirement is not applicable for the procurement of property and services obtained by the DEP through a Vendor relationship. Refer to 2 CFR Ch. 1 Part 170 Appendix A, Section I.c.3 for the definition of "subaward".]

Organization and Project Information: As of October 1, 2015, the following information must be provided to the DEP prior to the DEP's issuance of a subaward (Agreement) that obligates $30,000 or more in federal funds as described above. Please provide the following information and return the signed form to DEP as requested. If you have any questions, please contact the DEP's Bureau of General Services, Contracts Team at Contracts_Adm@FloridaDEP.gov or at telephone number 850/245-2361 for assistance.

UEI: C3LKRLSLCL59
(UEI must be twelve (12) characters not including dashes)*
Federal Award ID Number (FAIN#): 59-6002308
Catalog of Federal Domestic Assistance (CFDA)#:
DEP Assigned Grant Agreement#: WW18013
Dollar Amount of Grant Disbursement: $ 37,577,267.00

**** If your company or organization does not have a UEI number, you will need to refer to the Sam.gov website at https://sam.gov/content/home to register your entity to request a Unique Entity ID.***

Business Name: City of Flagler Beach
DBA Name (If applicable):

Principal Place of Business Address:

Address Line 1: 105 S 2nd Street
Address Line 2: P.O. Box 70
Address Line 3:
City: Flagler Beach State: FL Zip+4: 32136

Description of Project (up to 4000 characters):

The City of Flagler Beach Wastewater Treatment Facility (WWTF) has a permitted treatment capacity of 1.0 MGD annual average daily flow (AADF) . The WWTF disposes of effluent via surface discharge (D-001) into the Intracoastal Waterway (Class III marine waters -WBID 2363J). The primary purpose for the project is upgrading the Facility to Advanced Wastewater Treatment (AWT) effluent standards and replacing aging infrastructure that has reached hte end of its useful life. AWT is characterized by the following effluent concentrations:
5 mg/L of Biochemical Oxygen Demand (BODS)
5 mg/L of Total Suspended Solids (TSS)
3 mg/L of Total Nitrogen (TN)
1 mg/L of Total Phosphorus (TP)

The proposed AST upgrades to the WWTF will enable hte City to reduce the nutrient loading to the permitted surface discharge, thereby improving the water body quality. The improved nutrient treatment capability will also ensure that the City maintains compliance with the TN and TP mass loading rates specified in the existing FDEP Domestic Wastewater Facility Permit.

The Flagler Beach WWTF was originally constructed in the year 1975 with various upgrades done in 1982. The existing infrastructure therefore ranges from about 40 - 47 years old. Accordingly, much of the equipment is out-of-date, unreliable, and not functioning as required. There are also significant structural issues with the existing concrete structures and corrosion issues with the existing pipelines. The proposed improvements will upgrade the Facility to Class I Reliability standards. By implementing redundancy of hte unit operations and prcesses, the reliability of the Facility will be dramatically improved.

Principal Place of Project Performance (If different than principal place of business)

Address Line 1: 2000 Avenue A
Address Line 2:
Address Line 3:
City: Flagler Beach State: FL Zip+4: 32136

Congressional District for Principal Place of Project Performance:
(Providing the Zip+4 ensures that the correct Congressional District is reported.)

Executive Compensation Information:

○ YES	◉ NO	1. In your business or organization's previous fiscal year, did your business or organization (including parent organization, all branches, and all affiliates worldwide) receive (a) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance (e.g. loans, grants, subgrants, and/or cooperative agreements, etc.) subject to the Transparency Act, as defined at 2 CFR 170.320; and, (b) $30,000,000 or more in annual gross revenues from U.S. Federal procurement contracts (and subcontracts) and Federal financial assistance (e.g. loans, grants, subgrants, and/or cooperative agreements, etc.) subject to the Transparency Act?

If the answer to Question 1 is "Yes," continue to Question 2.
If the answer to Question 1 is "No", move to the signature block below to complete the certification and submittal process.

◉ YES	○ NO	○ N/A	2. Does the public have access to information about the compensation of the executives in your business or organization (including parent organization, all branches, and all affiliates worldwide) through periodic reports filed under section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78 m (a), 78 o(d)), or Section 6104 of the Internal Revenue Code of 1986?

If the answer to Question 2 is "Yes," move to the signature block below to complete the certification and submittal process. [Note: Securities Exchange Commission information should be accessible at http://www.sec.gov/answers/execomp.htm. Requests for Internal Revenue Service (IRS) information should be directed to the local IRS for further assistance.]

If the answer to Question 2 is "NO" FFATA reporting is required. Provide the information required in the "TOTAL COMPENSATION CHART FOR MOST RECENTLY COMPLETED FISCAL YEAR" appearing below to report the "Total Compensation" for the five (5) most highly compensated "Executives", in rank order, in your organization.

For purposes of this request, the following terms apply as defined in 2 CFR Ch. 1 Part 170 Appendix A:
"Executive" is defined as "officers, managing partners, or other employees in management positions".
"Total Compensation" is defined as the cash and noncash dollar value earned by the executive during the most recently completed fiscal year and includes the following:

- Salary and bonus.
- Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
- Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives and are available generally to all salaried employees.

- Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
- Above-market earnings on deferred compensation which is not tax-qualified.
- Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

Total Compensation Chart for Most Recently Completed Fiscal Year

Date of Fiscal Year Completion (mm/dd/yyyy) 9/30/25

The undersigned as (enter position title) City Manager

of (enter Business Name) City of Flagler Beach

Certifies that on the date written below, the information provided herein is accurate.
Type or Print Name: Dale Martin Title: City Manager

Signature: Dale L. Martin Digitally signed by Dale L. Martin Date: 2026.03.19 09:01:10 -04'00' Date:

Rank (Highest to Lowest)	Last Name	First Name	MI	Title	Total Compensation for Most Recently Completed Fiscal Year

The undersigned as (enter position title) _____
Of (enter Business Name) _____
Certifies that on the date written below, the information provided herein is accurate.

Print Name _____ Title _____

Signature _____ Date _____

STATE REVOLVING FUND
AMENDMENT 1 TO LOAN AGREEMENT WW180131
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (the "Local Government") existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party."

WITNESSETH:

WHEREAS, the Florida Water Pollution Control Financing Corporation (Corporation) and the Local Government entered into a Clean Water State Revolving Fund Loan Agreement, Number WW180131, authorizing a Loan amount of $17,577,267, excluding Capitalized Interest; and

WHEREAS, the oversight and management of this Loan is being assumed by the Department; and

WHEREAS, the Loan to the Local Government is under same terms and conditions of the transferred Loan unless amended herein; and

WHEREAS, certain provisions of the Agreement require revision and provisions need to be added to the Agreement.

NOW, THEREFORE, the Parties hereto agree as follows:

1. Oversight and management of this Loan is transferred to the Department. All references in the Agreement to Corporation or Trustee are deleted and replaced with "Department" and all references to "Local Borrower" shall be replaced with "Local Government."

2. Subsections 1.01(4), (5), (11) and (28) of the Agreement are deleted.

3. Subsection 1.01(12) is deleted and replaced as follows:

"Grant Allocation Assessment" shall mean an assessment, expressed as a percent per annum, accruing on the unpaid balance of the Loan. It is computed similarly to the way interest charged on the Loan is computed and is included in the Semiannual Loan Payment. The Department will use Grant Allocation Assessment moneys for making grants to financially disadvantaged small communities pursuant to Section 403.1835 of the Florida Statutes.

4. Subsection 2.01(14) of the Agreement is deleted.

5. Section 2.02. of the Agreement is deleted.

6. Section 8.04 of the Agreement is deleted and replaced as follows:

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Local Government. The Local Government shall not assign rights created by this Agreement without the written consent of the Department.

7. Section 8.15 is added to the Agreement as follows:

8.15. CIVIL RIGHTS.

The Local Government shall comply with all Title VI requirements of the Civils Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Equal Employment Opportunity requirements (Executive Order 11246, as amended) which prohibit activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, or sex.

8. All other terms and provisions of the Loan Agreement shall remain in effect.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

ARTICLE XI - EXECUTION OF AGREEMENT

This Amendment 1 to Loan Agreement WW180131 may be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Department.

for
STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Angela Knecht — 2-6-24

Secretary or Designee — Date

for
CITY OF FLAGLER BEACH

Mayor

Attest: — Attest as to form and correctness:

City Clerk — City Attorney

SEAL

APPROVED AND ACCEPTED BY THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Chief Executive Officer

Reviewed and approved by the Corporate Secretary or Designee

STATE REVOLVING FUND
AMENDMENT 2 TO LOAN AGREEMENT WW180131
CITY OF FLAGLER BEACH

This amendment is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the CITY OF FLAGLER BEACH, FLORIDA, (Local Government) existing as a local governmental entity under the laws of the State of Florida. Collectively, the Department and the Local Government shall be referred to as "Parties" or individually as "Party".

The Department and the Local Government entered into a State Revolving Fund Loan Agreement, Number WW180131, as amended; and

Loan repayment activities need rescheduling to give the Local Government additional time to complete construction; and

Certain provisions of the Agreement need revision and provisions need to be added to the Agreement.

The Parties hereto agree as follows:

1. Section 8.16 is added to the Agreement as follows:

8.16. PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT.

The Local Government and any contractors/subcontractors are prohibited from obligating or expending any Loan or Principal Forgiveness funds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. See Section 889 of Public Law 115-232 (National Defense Authorization Act 2019). Also, see 2 CFR 200.216 and 200.471.

2. Unless repayment is further deferred by amendment of the Agreement, Semiannual Loan Payments as set forth in Section 10.05 shall be received by the Department beginning on August 15, 2028, and semiannually thereafter on February 15 and August 15 of each year until all amounts due under the Agreement have been fully paid.

3. The items scheduled under Section 10.07 of the Agreement are rescheduled as follows:

(2) Completion of Project construction is scheduled for February 15, 2028.

(3) Establish the Loan Debt Service Account and begin Monthly Loan Deposits no later than February 15, 2028.

(4) The first Semiannual Loan Payment in the amount of $465,108 shall be due August 15, 2028.

4. All other terms and provisions of the Loan Agreement shall remain in effect.

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This Amendment 2 to Loan Agreement WW180131 may be executed in two or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this amendment to the Loan Agreement to be executed on its behalf by the Secretary or Designee and the Local Government has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Department.

for
CITY OF FLAGLER BEACH

Mayor

Attest:

Kathleen E. Tabb, Deputy City Clerk

City Clerk

SEAL

Approved as to form and legal sufficiency:

City Attorney

for
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Angela Knecht

Digitally signed by Angela Knecht
Date: 2025.05.09 11:03:15 -04'00'

Secretary or Designee

Date

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	Dale Martin, City Manager
Meeting Date:	March 26, 2026
Item Name:	Resolution 2026-30. A Resolution by the City Commission of the City of Flagler Beach approving the Standard Design Template for 30-foot rights-of-ways; providing for an effective date and providing for conflict.

Background:

At the March 12, 2026 City Commission Regular Meeting, the City Commission considered a site plan for 1708 S. Oceanshore Blvd. The proposed site plan for a vacation rental facility was subsequently tabled by the City Commission with direction to return the site plan to the Planning and Architectural Review Board for revision and review.

A critical element in the City Commission's decision to table the proposed site plan was the anticipated increased intensity of vehicular traffic in the right-of-way between S. Oceanshore Blvd and S. Central Ave (commonly referred to as an "alley"). Additionally, related to alleys were comments provided during the Public Comment portion of the same meeting regarding the condition of other alleys in the City.

In order to improve the trafficability and sustainability of certain alleys in the City, staff has developed a proposed Standard Design Template for alleys (hereafter designated as "30-foot rights-of-way"). The proposed template makes use of a gridded pattern of heavy-duty pavers (geocells), similar to the pavers used throughout downtown to denote on-street parking areas. The enhanced pavers would be placed upon a substantial base and covered with suitable material, minimizing the visibility of the geocell grid. The intent of City staff is to implement the newly recommended template on 30-foot rights-of-way which provide the sole access to residential properties, specifically portions of Oak Place north of S. 19th St. and the portion of Oak Place south of S. 21st St. If successfully implemented, the additional portion of Oak Place between S. 19th St. and S. 20th St. and Oak Drive could be considered future projects for the use of the proposed Standard Design Template.

Fiscal Impact:

The preliminary estimates to construct the geocell paver-based Standard Design Template on the portions of Oak Place are $225,888 (north of S. 19th St.) and $274,872 (south of S. 21st St.). City staff would solicit competitive proposals for the two-part project and make a subsequent

recommendation to the City Commission for consideration. Funding for the effort would be drawn from the City's Roads and Streets Department, Paving and Sidewalks Capital Fund (likely in the next fiscal year due to funding constraints in this year's budget following the repaving of S. Central Ave.).

Staff Recommendation:

Staff recommends approval of Resolution 2026-30, accepting the Standard Design Template for 30-foot rights-of-way in the City.

Attachments:

1. Resolution 2026-30 Standard Design Template
2. 30' Right of Way Template
3. Engineering Estimate

RESOLUTION 2026-30

A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, APPROVING THE STANDARD DESIGN TEMPLATE FOR 30-FOOT RIGHTS-OF-WAYS; PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Flagler Beach, as platted, includes several 30-foot rights-of-way, commonly referred to as "alleys"; and,

WHEREAS, while the alleys are predominantly utilized for secondary access to residential and commercial properties, in some instances, the alley provides the sole means of access to residential properties for the property owners as well as the means of access for City public safety and public health services; and,

WHEREAS, to improve and protect the public health, safety, and welfare through the use of the alleys, a Standard Design Template for 30-foot rights-of-way has been developed and reviewed and is hereby presented to the City Commission for consideration;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA AS FOLLOWS:

SECTION 1. The City Commission approves the Standard Design Template for 30-foot rights-of-way (alleys), to be attached as Exhibit A to this Resolution.

SECTION 2. The City Commission directs City staff to include construction of improvements in accordance with the Standard Design Template in the proposed 2026/2027 annual budget.

SECTION 3. All Resolutions and parts of Resolutions in conflict with this Resolution are hereby repealed.

SECTION 4. This Resolution shall become effective upon execution.

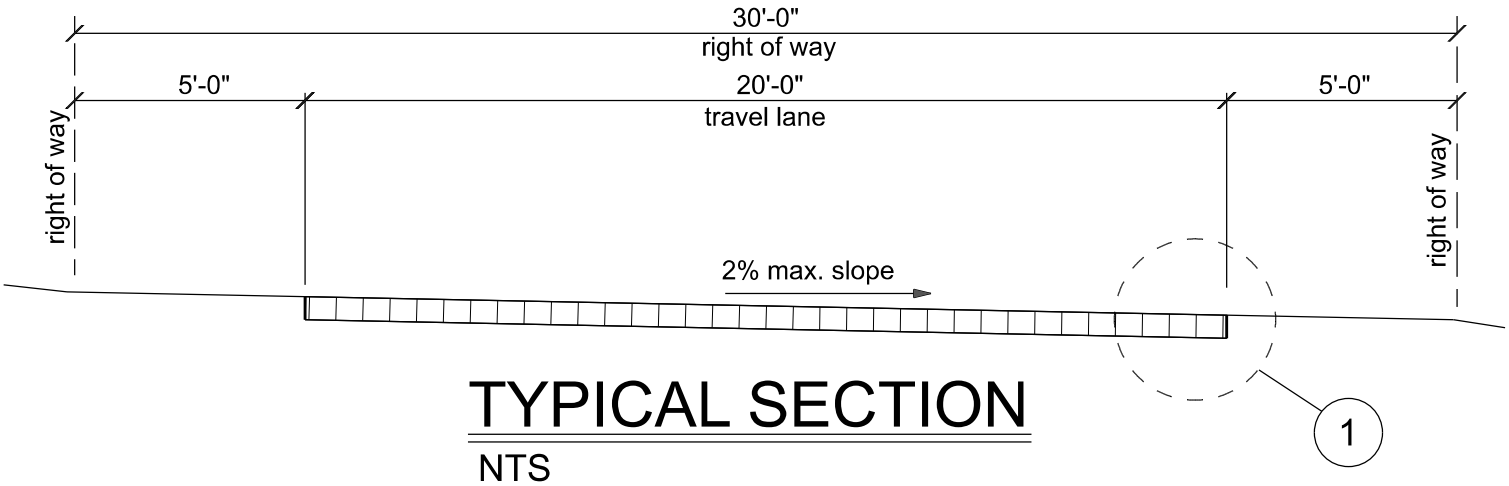
Upon motion duly made and carried, the foregoing Resolution was accepted by the City Commission of the City of Flagler Beach this 26th day of March, 2026.

CITY OF FLAGLER BEACH, FLORIDA

PATTI KING, MAYOR

ATTEST:

PENNY OVERSTREET, CITY CLERK

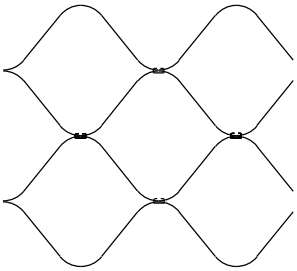


TYPICAL SECTION

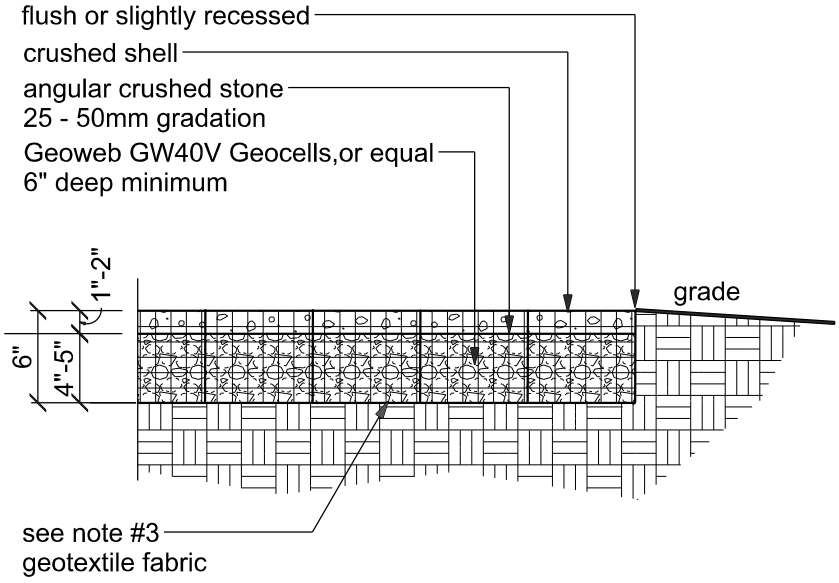
NTS

NOTES:

1. BASE DEPTH TO BE 4"-5" MIN. #57 CRUSHED STONE 25 - 50mm GRADATION WITH 1"-2" CRUSHED SHELL TOPPING
2. THE GEOCELL PRODUCT EXCEEDS H-20/HS-20 COMPRESSION LOAD TESTING. CHECK OTHER SITE CONDITIONS AND SYSTEM COMPONENT REQUIREMENTS TO MEET H-20/HS-20 LOADING..
3. GEOTEXTILE FABRIC REQUIRED BETWEEN SUB-BASE AND BASE

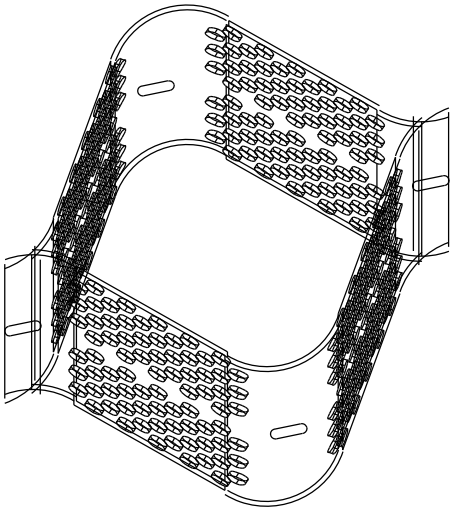


PLAN VIEW



1 TYPICAL DETAIL

NTS



ISOMETRIC

CITY OF FLAGLER BEACH FLORIDA	30' RIGHT OF WAY	INDEX
		TBD
		MARCH 2026

Engineering Estimate

Project: Alleyway Reconstruction to 20-Foot Geocell Section
Client: City of Flagler Beach, Florida
Date: March 19, 2026

1. Scope of Work

Regrade and reconstruct existing eroded dirt alleyways (currently approximately 15 feet wide) to a 20-foot travel lane within a 30-foot right of way.

Work includes:

- Grading and shaping existing alleyway
- Installation of geotextile fabric
- Installation of 6-inch geocell system
- Placement of 4″–5″#57 crushed stone base
- Placement of 1″–2″crushed shell topping
- Compaction, shaping, and final grading

Exclusions: utility relocations, major drainage structures, permitting, environmental mitigation, right-of-way acquisition.

2. Unit Prices (Before Contingency)

Item	Description	Unit Price (per LF)
1	Clearing, shaping, and rough grading	$22.00
2	Geotextile fabric (supply & install)	$12.00
3	6" Geocell system (supply & install)	$68.00
4	#57 stone base (4"–5")	$78.00
5	Crushed shell topping (1"–2")	$34.00
6	Compaction, fine grading, shaping	$18.00

	Item Description	Unit Price (per LF)
7	Mobilization & overhead	$28.00
—	**TOTAL UNIT PRICE (before contingency)**	**$260.00**

3. Adjusted Unit Price (With 20% Contingency)

$$\$260 \times 1.20 = \$312 \text{ per linear foot}$$

Adjusted all-in unit rate: $312.00 per LF

4. Segment Costs (With 20% Contingency)

Segment 1 — 724 Linear Feet

Item	Qty (LF)	Adjusted Unit Price	Line Total
All work items (1–7)	724	$312	**$225,888**

Segment 1 Total: $225,888

Segment 2 — 474 Linear Feet

Item	Qty (LF)	Adjusted Unit Price	Line Total
All work items (1–7)	474	$312	**$147,888**

Segment 2 Total: $147,888

Segment 3 — 407 Linear Feet

Item	Qty (LF)	Adjusted Unit Price	Line Total
All work items (1–7)	407	$312	**$126,984**

Segment 3 Total: $126,984

5. Project Total (With 20% Contingency)

Segment	Cost
Segment 1	$225,888
Segment 2	$147,888
Segment 3	$126,984
TOTAL PROJECT COST	**$500,760**

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	Drew Smith, City Attorney
Meeting Date:	March 26, 2026
Item Name:	Discussion item Charter Amendment Proposal: Ordinance to reinforce the deed restriction on the golf course property that any termination or amendment of the deed restriction be approved by a unanimous vote of the City Commission.

Background:
Attorney Smith discussed at a previous meeting. The item is being presented for discussion and direction.

Fiscal Impact:
I have contacted the Flagler County Supervisor of Elections to receive a rough estimate of the cost to add the referendum item to the November 3, 2026 ballot.

Staff Recommendation:
Review and provide direction to the City Attorney.

Attachments:
1. Charter Ordinance 2026

ORDINANCE NO. 2026-_____

AN ORDINANCE OF THE CITY OF FLAGLER BEACH, FLORIDA, SUBMITTING TO THE ELECTORS OF FLAGLER BEACH A PROPOSED AMENDMENT TO THE CHARTER OF THE CITY OF FLAGLER BEACH; PROVIDING BALLOT TITLE, SUMMARY AND TEXT FOR THE PROPOSED AMENDMENT; PROVIDING DIRECTIONS TO THE CITY CLERK; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE FOR APPROVED AMENDMENTS; PROVIDING FOR AN EFFECTIVE DATE FOR THE ORDINANCE.

WHEREAS, the City entered a purchase and sale agreement with Ocean Palms Golf Club, LLC, for the sale of the property known as the Ocean Palm Golf Course; and

WHEREAS, as part of that transaction, the parties have agreed to a deed restriction providing:

> Grantee acknowledges that Grantor is conveying the Property to Grantee for use exclusively as a golf course open to the general public. The parties acknowledge and agree that Grantee may also operate on the Property as a golf clubhouse, a clubhouse restaurant, related golf recreational uses and event, and uses and events that are consistent with uses common for a golf course and golf clubhouse in the State of Florida (the "Golf Ancillary Uses"). The Property shall not be used for any other purpose not contemplated herein. If at any time the Property shall cease to be used as a golf course open to the general public or if at any time the Property shall be used in a manner inconsistent with the allowed Golf Ancillary Uses, title to the Property shall revert to the Grantor and the Grantor shall have the right to take all lawful steps to re-enter and repossess the Property. The foregoing restriction can be amended or terminated only by the unanimous consent of the City Commission of the City of Flagler Beach and the consent of the Grantee.

; and

WHEREAS, in order to further effectuate the intent of the deed restriction, the City Commission proposes an amendment to the City Charter reinforcing the requirement that any termination or amendment of the deed restriction be approved by the unanimous vote of the City Commission; and

WHEREAS, Section 166.031, Florida Statutes, provides that the governing body of a municipality may, by ordinance, submit to the electors of said municipality proposed amendments to its charter, which amendments may be to any part or to all of its charter except

that part describing the boundaries of such municipality; and

WHEREAS, the City Commission finds it to be in the best interests of its citizens to submit said proposed charter amendments to the voters at the next general election.

NOW, THEREFORE, BE IT ORDAINED by the City Commission of the City of Flagler Beach, Florida, as follows:

Section 1. The City Commission of the City of Flagler Beach, pursuant to Section 166.031, Florida Statutes, hereby proposes and approves an amendment to the Charter of the City of Flagler Beach, which proposed amendment and the complete text thereof, as amended, is set forth in Section 2 below. The text of the amendments reflects the proposed changes by showing additions with underlining and deletions with ~~strike-through~~ type. Such election shall be held in conformity with the laws of the State of Florida and the ordinances of the City of Flagler Beach now in force relating to elections in the City of Flagler Beach. The Supervisor of Elections of Flagler County is hereby requested to coordinate all matters to said referendum election with the City Clerk. The proposed charter amendments shall be submitted to the voters at the_____ election.

Section 2. The ballot titles, questions and proposed charter changes are as follows:

City Charter Amendment:

Shall the Flagler Beach Charter be amended to provide that any termination or amendment of the deed restriction related to the sale of the property known as the Ocean Palm Golf course shall require a unanimous vote of the City Commission?

YES FOR APPROVAL

NO FOR REJECTION

Section 6.02. – Supermajority Vote Required to Terminate or Amend Golf Course Deed Restriction.

Pursuant to that certain deed granted to Ocean Palm Golf Club by the City of Flagler Beach on _____ and recorded at _____ the real property transferred therein (the "Subject Property") is subject to a deed restriction and reversionary interest providing that the Subject Property shall be used exclusively as a golf course open to the general public and ancillary uses and events that are consistent with uses common for a golf course and golf clubhouse in the State of Florida (the "Deed Restriction"). Said restriction provides it may only be amended or terminated with the unanimous consent of the Commission.

Said restriction is hereby incorporated into this Charter and no amendment of the deed restriction shall be valid or enforceable unless first approved by a unanimous vote of the

Commission

Section 3. The City Clerk is hereby directed to ensure that all advertising, translation and notice requirements are complied with and to coordinate all activities necessary to conduct the referendum election called for in Section 1 of this Ordinance with the Supervisor of Elections for Flagler County.

Section 4. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portion hereto. Further, the lack of approval by a majority of electors of one or more separate amendments to this Charter, as set forth in Section 2 herein, shall not be deemed to affect the validity of any amendments that may be approved by a majority of the electors.

Section 6. All ordinances and Charter provisions, or parts of ordinances and Charter provisions in conflict herewith are hereby repealed.

Section 7. This Ordinance shall take effect immediately upon its final passage and adoption. The revised Charter provisions proposed for approval in this Ordinance shall become effective upon their approval at a referendum election of the electors of the City of Flagler Beach in accordance with Section 166.031, Florida Statutes. If the electors reject an amendment, the rejected amendment shall not take effect.

PASSED ON FIRST READING THIS _____ DAY OF _____, 2026.
PASSED AND ADOPTED THIS _____ DAY OF _____, 2026.

CITY OF FLAGLER BEACH, FLORIDA
CITY COMMISSION

_____

Patti King, Mayor

ATTEST:

_____
Penny Overstreet, City Clerk

Staff Report

City Commission Regular Meeting

March 26, 2026

To:	City Commission
From:	Lupita McClenning, Planner
Meeting Date:	March 26, 2026
Item Name:	Ordinance 2026-04. An Ordinance of the City Commission of the City of Flagler Beach, Florida, amending the Official Zoning Map designation for approximately 2.943 acres of certain real property; providing for conflicts; providing for severability; and providing an effective date (Second [Final] Reading).

Background:

The request to amend the zoning for +/- 2.94 acres from Medium Density Residential (MDR) to Recreation (REC) aligns with the City's vision for the golf course to remain without potential for residential development.

Fiscal Impact:

N/A

Staff Recommendation:

Staff recommends approval of the zoning amendment from Medium Density Residential (MDR) to Recreation (REC). This is the Second (Final) Reading of the proposed Ordinance.

Attachments:

1. Findings_Zoning Amendment MDR to Recreation + Conceptual Plan Staff Report_Ocean Palms Golf Course
2. 2026-04
3. 2026-04 Affidavit

March 3, 2026

To: Planning and Architectural Review Board (PARB)

From: Lupita McClenning, City Planner

Re: Small-Scale Zoning Amendment MDR to Recreation
Site Plan Ocean Palms Golf Club, LLC

Date: March 3, 2026

Applicant/ Owner	City of Flagler Beach PO Box 70 Flagler Beach, FL 32136
Parcel ID**:**	29-12-32-0000-01010-0010
Golf Course Total Parcel:	+/- 42.93 acre
Amending:	+/- 2.94 acres of Medium Density Residential (MDR) to Recreation
Project Address:	3600 S. Central Av Flagler Beach, FL 32136
Current Zoning:	Medium Density Residential (MDR)
Parcel Size:	+/-2.94 acres
Proposed Zoning:	Recreation

The request to amend the zoning category from Medium Density Residential to Recreation aligns with the City's vision for the golf course to remain without potential for residential development.

The request is consistent with the City Comprehensive Plan, Land Development code and compatible with the surrounding use of the golf course and neighborhood.

Background Project Summary:

In August of 2024, applicant Jeff Ryan of 12 Bishop Lane, Palm Coast, FL 32137 submitted site plan/concept plan to redevelop the golf course. The project proposed an expansion of existing parking lot, construction of a new clubhouse, and re-grading the existing golf course.

Clubhouse
Gross Area: 30,000 SQFT
Floor Area: 15,000 SQ FT
Uses: Golf Shop, Clubhouse, and Restaurant

Site Plan

A major site plan is required for new non-residential structures, including the clubhouse and parking.

A pre-application meeting was conducted with applicant's engineering firm, McKim and Creed of Tampa, FL.

The site plan submitted includes required cover sheet, project title and location, general site plan information for applicable elements including the overall building square footage, its location and parking calculations.

The site plan sheet includes required property dimensions, legal description, total gross acreage, zoning district and adjacent property.

Additionally, location of existing and proposed stormwater management system, proposed practice putting greens, and proposed putting tee and tee boxes are identified on the site plan along with adjacent property within fifty (50') feet perpendicular to property lines are noted.

The site plan identifies location of existing trees, and proposed landscape area.

Total site area is +/- 42.93 acres.
42.39 * 43,560 SQ FT = 1,846,508.4 SQ FT.

Impervious and Pervious Area

The impervious area:

Ponds:	5.97 acres
Clubhouse and Parking:	1.48 acres
Total Impervious:	7.45 acres

7.45 * 43,560 SQ FT = 324,522 SQ FT

18% Impervious Area

Pervious area proposed 35.48 Acres
35.48 * 43,560 SQ FT = 1,545,509 SQ FT
84% Pervious Area

Clubhouse

The proposed Clubhouse floor area is 5,000 SQ FT with a building height of 30 feet.

Required Parking

Section 2.06.02 1. Off Street parking

The driving range shall have one space/tee (12) plus required parking for other uses on the site. The golf course shall have six (6) spaces per hole (18) plus required parking for other uses on the site.

Restaurant:	34 spaces
Golf Course:	72 spaces
Driving Range:	20 spaces
Total	126 spaces

Proposed Parking

Regular spaces:	90 spaces
ADA spaces:	4 spaces
Golf cart spaces	23 spaces
Total	126 spaces

Total Parking Provided: 117 spaces

In accordance with the land development code, operators of buildings of the same uses requiring off-street parking facilities may take collective provision for such facilities, provided that the total of such parking spaces when combined or used together are not less than the sum of the requirements computed separately.

Staff Recommendation

Staff recommends the City Commission to approve Ordinance 2026-04 the zoning amendment for +/- 2.94 acres of Medium Density Residential to Recreation on final reading.

ORDINANCE 2026-04
OCEAN PALMS GOLF COURSE REZONING

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, AMENDING THE OFFICIAL ZONING MAP DESIGNATION FOR APPROXIMATELY 2.943 ACRES OF CERTAIN REAL PROPERTY; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of Flagler Beach, as the governing body of the City, pursuant to the authority vested in Fla. Stat. Chapter 163 and Chapter 166 and the City of Flagler Beach Land Development Regulations, is authorized and empowered to consider applications relating to zoning; and

WHEREAS, the City of Flagler Beach is in receipt of a request to amend the City's Official Zoning Map for the property described herein; and

WHEREAS, the above-referenced property is presently zoned Medium Density Residential (MDR) and the request is to have the property rezoned as Recreation (REC); and

WHEREAS, the request is in accord with the Future Land Use Map designation of the subject property, and is complaint with all applicable Objectives and Policies of the City of Flagler Beach Comprehensive Plan; and

WHEREAS, the Planning and Architectural Review Board has recommended the City Commission change the Official Zoning Map to reflect a new designation for the subject property as Recreation; and

WHEREAS, the City Commission has considered the findings in the staff report and the following findings of fact:

1. The rezoning is consistent with the purposes, goals, objectives, and policies of the City of Flagler Beach Comprehensive Plan;
2. The rezoning is compatible with the Land Development Regulations, and generally consistent with the uses and character of the land surrounding and in the vicinity of the land proposed for rezoning;
3. The rezoning will result in a logical, timely and orderly development pattern; and
4. The staff report has demonstrated sufficient justification that there are changed circumstances, which would require the rezoning request.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH AS FOLLOWS:

SECTION 1. LEGISLATIVE AND ADMINISTRATIVE FINDINGS. The above recitals are hereby adopted as the legislative and administrative findings of the City Commission of the City of Flagler Beach.

SECTION 2. OFFICIAL ZONING MAP AMENDED. The approximately 2.943-acre subject area generally located at 3600 South Central Avenue, Flagler Beach, Florida 32136, with Flagler County Tax Parcel ID No. 29-12-32-0000-01010-0010, as legally described in **Exhibit A** attached hereto, is hereby amended from the City of Flagler Beach designation of Medium Density Residential (MDR) to Recreation (REC).

SECTION 3. CONFLICTS. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 4. SEVERABILITY. If any section, subsection, sentence, clause, phrase, or provision of this Ordinance is held to be unconstitutional or otherwise invalid by a court of competent jurisdiction, such unconstitutionality or invalidity shall not be construed as to render unconstitutional or invalid the remaining provisions of this Ordinance.

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect immediately upon passage as provided by law.

APPROVED on First Reading the 12th day of March 2026.

ADOPTED on Second Reading after due public notice and public hearing this 26th day of March 2026.

CITY OF FLAGLER BEACH, FLORIDA
CITY COMMISSION

_____
Patti King, Mayor

ATTEST:

_____
Penny Overstreet, City Clerk

EXHIBIT A

Subject Property

A PORTION OF SECTION 29 AND 30, TOWNSHIP 12 SOUTH, RANGE 32 EAST, FLAGLER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM THE NORTHEAST CORNER OF PALM HAVEN SUBDIVISION, AS RECORDED IN PLAT BOOK 27, PAGE 27, OF THE PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA, BEING ON THE WESTERLY RIGHT-OF-WAY LINE OF SOUTH CENTRAL AVENUE; A 50 FOOT RIGHT-OF-WAY, RUN NORTH 21 DEGREES 48 MINUTES 08 SECONDS WEST ALONG SAID WESTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 130.00 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID RIGHT- OF-WAY LINE, RIGHT SOUTH 68 DEGREES 11 MINUTES 52 SECONDS WEST, A DISTANCE OF 86.00 FEET; THENCE SOUTH 59 DEGREES 08 MINUTES 59 SECONDS WEST, A DISTANCE OF 109.23 FEET; THENCE SOUTH 02 DEGREES 29 MINUTES 39 SECONDS EAST, A DISTANCE OF 400.00 FEET; THENCE SOUTH 87 DEGREES 30 MINUTES 21 SECONDS WEST, A DISTANCE OF 220.00 FEET; THENCE NORTH 02 DEGREES 29 MINUTES 39 SECONDS WEST, A DISTANCE OF 495.00 FEET; THENCE NORTH 68 DEGREES 11 MINUTES 52 SECONDS EAST, A DISTANCE OF 240.09 FEET; THENCE SOUTH 21 DEGREES 48 MINUTES 08 SECONDS EAST, A DISTANCE OF 105.22 FEET; THENCE NORTH 68 DEGREES 11 MINUTES 52 SECONDS EAST, A DISTANCE OF 130.00 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF SAID SOUTH CENTRAL A VENUE; THENCE SOUTH 21 DEGREES 48 MINUTES 08 SECONDS EAST ALONG SAID WESTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 40.00 FEET TO THE POINT OF BEGINNING.

Observer

PALM COAST OBSERVER; Published Weekly

Palm Coast Flagler County FLORIDA

PUBLISHER'S AFFIDAVIT OF PUBLICATION
STATE OF FLORIDA
COUNTY OF FLAGLER

Before the undersigned authority, Brandon Bressner, personally appeared, who under oath, says he/she is a registered representative of Palm Coast Observer, a weekly newspaper published at Palm Coast in Flagler County, Florida, that the attached copy of advertisement, being a
Municipal - Public Hearing

in the matter of
NOTICE OF PUBLIC HEARING-Rezoning Application PRZ26-0001/ Ordinance 2026-04

was published in said newspaper by print in the issue(s) of:
March 5, 12, 2026

and by publication on the newspaper's publicly available website, if authorized, on March 5, 12, 2026

Affiant further says that the newspaper complies with all legal requirements for publication in chapter 50, Florida Statutes.

(Signature of Affiant)

Sworn to and subscribed before me this
This 12th day of March, 2026.

(Signature of Notary Public)

Kirsten H. Fyke

(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally known X or produced identification ____

Type of identification produced _____

OFFICIAL SEAL
KIRSTEN H FYKE
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 04/13/2026

CR 335796

CITY OF FLAGLER BEACH PUBLIC HEARING NOTICE

Rezoning Application PRZ26-0001/Ordinance 2026-04.
An application has been submitted to rezone the subject property from Medium Density Residential (MDR) to Recreation (REC). The subject property is identified by the Flagler County Property Appraiser as Parcel ID No. 29-12-32-0000-01010-0010 pictured in Exhibit A. Applicant: City of Flagler Beach.

A PUBLIC HEARING IS SCHEDULED TO BE HELD AT CITY HALL, 105 S. 2 ND STREET, FLAGLER BEACH, FLORIDA AS FOLLOWS:

PLANNING AND ARCHITECTURAL REVIEW BOARD: TUESDAY, MARCH 10, 2026, AT 5:30 P.M.

FIRST READING CITY COMMISSION: THURSDAY, MARCH 12, 2026, AT 5:30 PM OR SOON THEREAFTER.

SECOND READING CITY COMMISSION: THURSDAY, MARCH 26, 2026, AT 5:30 PM OR SOON THEREAFTER.

ALL INTERESTED PARTIES ARE INVITED TO ATTEND.

PLEASE DIRECT ANY QUESTIONS TO THE CITY OF FLAGLER BEACH AT 386-517-2000 EXT. 231.

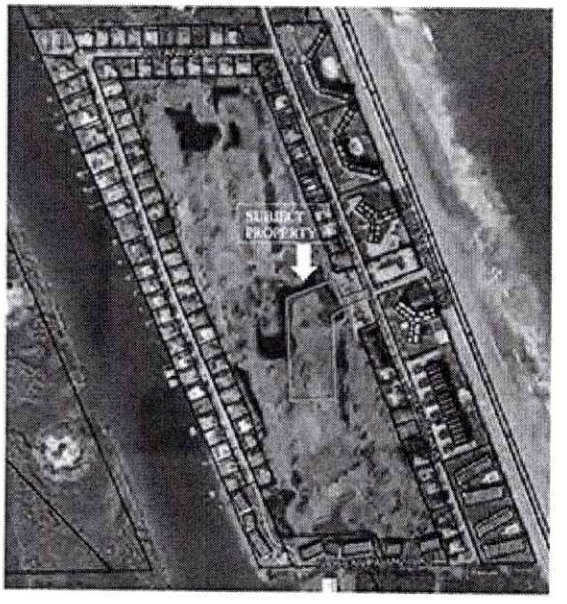
The public hearings may be continued to a future date or dates. The times and dates of any continuances of a public hearing shall be announced during the public hearing without any further published notice. The request will be heard at 5:30 PM, or as soon thereafter as possible, in the City Commission Chambers located at 105 South Second Street, Flagler Beach, Florida.

If a person decides to appeal any decision made with respect to any matter considered at the above referenced hearings, he/she will need a record of the proceedings. For such purposes, it may be necessary to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the *Americans with Disabilities Act,* persons needing assistance to participate in any of these proceedings should contact the City Clerk's Office at 386-517-2000 Ext. 233 at least 48 hours prior to the meeting.

For further information about this request, please call the Planning & Zoning Department at (386) 517-2000 Ext. 231. More detailed information may be inspected by the public at the Planning & Zoning Department, 800 S. Daytona Avenue, Flagler Beach, during office hours.

EXHIBIT A



7763-335796
Mar. 5, 12, 2026