



The Crossroads of South Florida,
We envision a sustainable economy, Let Us Grow Together

CITY OF SOUTH BAY

CITY COMMISSION AGENDA

CITY HALL CHAMBER

TUESDAY, JUNE 2, 2026

335 SW 2ND Avenue

South Bay, FL 33493

www.southbaycity.com

Phone: 561-996-6751 Fax: 561-996-7950

Mayor:

Joe Kyles Sr.

Vice Mayor:

Taranza McKelvin

Commissioner:

Betty Barnard

Commissioner:

Barbara King

Commissioner:

Albert L. Polk

City Manager:

Leondrae D. Camel

City Attorney:

Burnadette Norris-Weeks

City Clerk:

Olivia Mejia

RULES OF PROCEDURE

WHO MAY SPEAK

Meetings of the City Commission are open to the public. They are not; however, public forums. Any resident who wishes to address the commission on any subject within the scope of the Commission's authority may do so, providing it is accomplished in an orderly manner and in accordance with the procedures outlined below.

SPEAKING ON AGENDA ITEM

- I. **Consent Agenda Item** – These are items, which the Commission does not need to discuss individually, and which are voted on as a group. Any Commissioner who wishes to discuss any individual item on the consent agenda may request the Mayor to pull such item from the consent agenda. Those items pulled will be discussed and voted upon individually.
- II. **Regular Agenda Items** – These are items, which the Commission will discuss individually in the order listed on the agenda. By majority vote, the City Commission may permit any person to be heard on an item at a non-public hearing.
- III. **Public Hearing Items** – This portion of the agenda is to obtain input from the public on some ordinances, resolutions and zoning applications. The chair will permit any person to be heard on the item during formal public hearings.

SPEAKING ON SUBJECTS NOT ON THE AGENDA

Any resident may address the Commission on any items pertaining to City business during the Opportunity for the Public to Address the Commission portion of the agenda. Persons wishing to speak must sign in with the City Clerk before the start of the meeting.

ADDRESSING THE COMMISSION: MANNER AND TIME

By majority vote the City Commission may invite citizen discussion on any agenda item. In every case where a citizen is recognized by the Mayor to discuss an agenda item, the citizen shall step to the podium/microphone, state his or her name and address for the benefit of the city clerk, identify any group or organization he or she represents and shall then succinctly state his or her position regarding the item before the city commission. Any question, shall be related to the business of the City and deemed appropriate by the Mayor, shall be directed to the Mayor and the Mayor shall

then re-direct the question to the appropriate Commissioner or City Staff to answer the citizen question which shall be related to the business of the City.

All comments or questions of the public are to be directed to the Mayor as presiding officer only. There shall be no cross conversations or questions of any other persons. The length of time each individual may speak should be limited in the interest or order and conduct of the business at hand. Comments to the Commission by individual citizens shall be limited to three (3) minutes during the citizens request period. The City clerk shall be charged with the responsibility of notifying each citizen thirty (30) seconds before said time shall elapse and when said time limit has expired.

APPEALS

If a person decides to appeal any decision made by the board, agency, or commission with respect to any matter considered at such hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need 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.

DECORUM

If a member of the audience becomes unruly, the Mayor has the right to require the person to leave the room. If a crowd becomes unruly, the Mayor may recess or adjourn the meeting.

PLEASE SILENCE ALL CELL PHONES AND PAGERS

CONTACT INFORMATION

If anyone has questions or comments about anything on the meeting agenda, please contact the City Manager at 561-996-6751.

AMERICANS WITH DISABILITY ACT

In accordance with the Americans with Disability Act and Florida Statute 286.26, persons with disabilities needing special accommodations to participate in this proceeding should contact the city clerk no later than three (3) days prior to the meeting at 561-996-6751 for assistance.

CITY OF SOUTH BAY

CITY COMMISSION WORKSHOP

CITY HALL CHAMBER
TUESDAY, JUNE 2, 2026
6:30 PM

NOTICE: If any person decides to appeal any decision of the City Commission at this meeting, he/she will need a record of the proceedings and for that purpose, he/she may need 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, pursuant to F.S. 286.01055. The City of South Bay does not prepare or provide such records.

1. CALL TO ORDER
2. ROLL CALL
3. DISCUSSION
 - a. Agenda Items
4. ADJOURNMENT

CITY OF SOUTH BAY

REGULAR CITY MEETING AGENDA

CITY HALL CHAMBER
TUESDAY, JUNE 2, 2026
7:00 PM

NOTICE: If any person decides to appeal any decision of the City Commission at this meeting, he/she will need a record of the proceedings and for that purpose, he/she may need 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, pursuant to F.S. 286.01055. The City of South Bay does not prepare or provide such records.

In accordance with the Americans with Disabilities Act and Section 286.26, Florida Statutes, persons with disabilities needing special accommodations in order to participate in this proceeding are entitled to the provision of certain assistance at no cost. Please call the City Clerk's Office at 561-996-6751 no later than 2 days prior to the hearing if this assistance is required. For hearing impaired assistance, please call the Florida Relay Service Numbers: 800-955-8771 (TDD) or 800-955-8770 (VOICE).

Any citizen of the audience wishing to appear before the City Commission to speak with reference to any agenda item must complete their "Request for Appearance and Comment" card and present completed form to the City Clerk.

1. **CALL TO ORDER, ROLL CALL; PRAYER, PLEDGE OF ALLEGIANCE**
2. **DISCLOSURE OF VOTING CONFLICTS**
3. **PRESENTATIONS AND PROCLAMATIONS *(Up to 5 minutes)***

- a. Scholarship Awards
- b. UNICUS Rail and Consulting
Mr. Eric and Mrs. Laura Goodman
- c. HCT Certified Public Accountants and Consultants, LLC
Mr. Roderick Harvey
FY 2025 Audit Report

4. **ROSENWALD ELEMENTARY SCHOOL**

5. **OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE COMMISSION**

6. **CONSENT AGENDA**

All matters listed under this item are considered routine and action will be taken by one motion. There will be no separate discussion of these items unless a Commissioner or person so requests, in which the item will be removed from the general order of business and considered in its normal sequence on the Agenda.

a. **Commission Meeting Minutes – May 19, 2026**

6.a. Meeting Minutes

b.

Approval of City Commission Agenda- June 2, 2026

7. **RESOLUTIONS – (Non- Consent) and Quasi-Judicial Hearing, if applicable)**

a. RESOLUTION NO. 24-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, ACCEPTING THE ANNUAL COMPREHENSIVE FINANCIAL AND COMPLIANCE REPORT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2025; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

7.a. ACFR Audit Report

b. RESOLUTION NO. 25-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, APPOINTING BRENDA BRYANT TO THE CAREERSOURCE PALM BEACH COUNTY, INC. BOARD OF DIRECTORS; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

7.b. CareerSource

8. ORDINANCE

- a. ORDINANCE NO. 04-2026
AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AMENDING ARTICLE XX, SECTION 20.13 (L) OF THE CITY’S CODE OF ORDINANCES ENTITLED “PROHIBITED SIGNS”, DELETING THE RIGHT-OF-WAY DISTANCE REQUIREMENT FOR SAID SECTION; DELETING AND REPLACING ARTICLE XX, SECTION 20.14 OF THE CITY’S CODE OF ORDINANCES ENTITLED “SIGNS CONTINGENT ON SPECIAL REGULATIONS” WITH NEW TITLE “TEMPORARY POLITICAL SIGNS AND TEMPORARY NONCOMMERCIAL SIGNS”; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR CONFLICT AND REPEALER; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR AN EFFECTIVE DATE.

8.a. SECOND READING

- b. ORDINANCE NO. 05-2026
AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AMENDING CHAPTER 6, SECTION 6-20 OF THE CITY OF SOUTH BAY’S CODE OF ORDINANCES ENTITLED “PERMIT FEE SCHEDULE” TO PROVIDE FOR CERTAIN FEE INCREASES; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR CONFLICT AND REPEALER; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR AN EFFECTIVE DATE.

8.b. SECOND READING

9. FINANCE REPORT

- a. Accounts Payable Report
 - 9.a. May 29, 2026 Weekly Check Register

10. CITY CLERK REPORT

11. CITY MANAGER REPORT

- a. State Legislative Update

12. CITY ATTORNEY REPORT

13. FUTURE AGENDA ITEMS

14. COMMISSIONER COMMENTS: FOR THE GOOD OF THE ORDER

15. ADJOURNMENT

CITY OF SOUTH BAY, FL
CITY WORKSHOP AGENDA
 CITY HALL CHAMBER
 TUESDAY, MAY 19, 2026
 6:30 PM

Present:

Mayor Joe Kyles
 Vice-Mayor Taranza McKelvin
 Commissioner Albert Polk IV
 Commissioner Betty Barnard
 Commissioner Barbara King

Staff

Leondrae Camel, City Manager
 Burnadette Norris-Weeks, City Attorney
 Olivia Mejia, City Clerk
 Aiyana Bent, Deputy City Clerk
 Massih Saadatmand, Finance Director
 Cristal Chavarria, Administrative Assistant
 Napoleon Collins, Neighborhood Services Director
 Andrew Mann, Code Enforcement Officer

(Full recording/discussion available through the City website)

1. **CALL TO ORDER at 6:30pm**
2. **ROLL CALL**
3. **DISCUSSION**
a. Agenda Items
4. **ADJOURNMENT- 6:56 pm**
Moved by: Vice-Mayor McKelvin
Seconded by: Commissioner Barnard

CITY OF SOUTH BAY, FL
REGULAR CITY MEETING
 CITY HALL CHAMBER
 TUESDAY, MAY 19, 2026
 7:00 PM

A Regular City Meeting of the City Commission of the City of South Bay, Florida was called to order by Mayor Joe Kyles in the Commission Chambers at 335 S.W. 2nd Avenue, South Bay, Florida on May 19, 2026 at 7:00 p.m.

(Full recording/discussion available through the City website)

Present:

Mayor Joe Kyles
 Vice-Mayor Taranza McKelvin
 Commissioner Albert Polk IV
 Commissioner Betty Barnard
 Commissioner Barbara King

Staff:

Leondrae Camel, City Manager
 Burnadette Norris-Weeks, City Attorney
 Olivia Mejia, City Clerk
 Aiyana Bent, Deputy City Clerk
 Massih Saadatmand, Finance Director
 Cristal Chavarria, Administrative Assistant
 Napoleon Collins, Neighborhood Services Department
 Andrew Mann, Code Enforcement Officer

1. **CALL TO ORDER, ROLL CALL; PRAYER, PLEDGE OF ALLEGIANCE**
2. **DISCLOSURE OF VOTING CONFLICTS: NONE**
3. **PRESENTATIONS AND PROCLAMATIONS** (*Up to 5 minutes*):
4. **ROSENWALD ELEMENTARY SCHOOL**
5. **OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE COMMISSION:** See recording
6. **CONSENT AGENDA**

All matters listed under this item are considered routine and action will be taken by one motion. There will be no separate discussion of these items unless a Commission, or person so requests, in which the item will be removed from the general order of business and considered in its normal sequence on the agenda.

- a. Regular City Workshop and City Meeting
Approval of City Minutes - May 5, 2026

Approve City Minutes

Moved by: Commissioner Barnard
Seconded by: Commissioner Polk

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	YES

- b. Regular City Workshop and City Meeting
Approval of Meeting Agenda - May 19, 2026

Approve Consent Agenda

Moved by: Commissioner Barnard
Seconded by: Commissioner Polk

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	YES

7. RESOLUTIONS (Non- Consent) and Quasi-Judicial Hearing, if applicable

a. RESOLUTION NO. 21-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AUTHORIZING THE CITY MANAGER TO IMPLEMENT MODIFIED SUMMER OPERATING HOURS FOR CITY HALL ON A TRIAL BASIS BETWEEN THE HOLIDAYS OF MEMORIAL DAY AND LABOR DAY; PROVIDING FOR IMPLEMENTATION, PUBLIC NOTICE, MONITORING OF CUSTOMER SERVICE IMPACTS; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR EFFECTIVE DATE.

Moved by: Commissioner Barnard

Seconded by: Commissioner Polk

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	YES

b. RESOLUTION NO. 22-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE GRANT AGREEMENTS BETWEEN QUALIFIED GRANTEE APPLICANTS AND THE CITY OF SOUTH BAY FOR THE CITY’S SENIOR MINOR HOME REPAIR PROGRAM, ATTACHED HERETO AS EXHIBIT “A”; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

Moved by: Vice- Mayor McKelvin

Seconded by: Commissioner Barnard

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	NO

c. RESOLUTION NO. 23-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AUTHORIZING THE CITY MANAGERTO AWARD EDUCATIONAL SCHOLARSHIPS TO QUALIFIED APPLICANTS FOR THE CITY’S EDUCATIONAL SCHOLARSHIP PROGRAM CONSISTENT WITH EXHIBIT “A”

ATTACHED HERETO; PROVIDING FOR ADOPTION OF REPRESENTATIONS;
 PROVIDING FOR AN EFFECTIVE DATE.

Moved by: Commissioner Barnard
 Seconded by: Vice-Mayor McKelvin

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	YES

8. ORDINANCE

a. ORDINANCE 04-2026

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AMENDING ARTICLE XX, SECTION 20.13 (L) OF THE CITY’S CODE OF ORDINANCES ENTITLED “PROHIBITED SIGNS”, DELETING THE RIGHT-OF-WAY DISTANCE REQUIREMENTS FOR SAID SECTION; DELETING AND REPLACING ARTICLE XX, SECTION 20.14 OF THE CITY’S CODE OF ORDINANCES ENTITLED “SIGNS CONTINGENT ON SPECIAL REGULATIONS” WITH NEW TITLE “TEMPORARY POLITICAL SIGNS AND TEMPORARY NONCOMMERCIAL SIGNS”; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR CONFLICT AND REPEALER; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR AN EFFECTIVE DATE.

First Reading

Moved by: Commissioner Barnard
 Seconded by: Vice-Mayor McKelvin

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	YES

b. ORDINANCE 05-2026

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AMENDING CHAPTER 6, SECTION 6-20 OF THE CITY OF SOUTH BAY’S CODE OF ORDINANCES ENTITLED “PERMIT FEE SCHEDULE” TO PROVIDE FOR CERTAIN FEE INCREASES; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR CONFLICT AND REPEALER; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR AN EFFECTIVE DATE.

First Reading

Moved by: Commissioner Barnard
 Seconded by: Vice-Mayor McKelvin

COMMISSION	VOTE
Mayor Joe Kyles	YES
Vice-Mayor McKelvin	YES
Commissioner Polk	YES
Commissioner Barnard	YES
Commissioner King	NO

9. FINANCE REPORT

- a. Accounts Payable Report
 - 9.a. May 15, 2026 Weekly Check Register

10. CITY CLERK REPORT

- a. Upcoming Commission Meetings
 - 10.a. June 2, 2026
 - 10.b. July 21, 2026

11. CITY MANAGER REPORT

- a. Business District Compliance
- b. Alleyway Maintenance Initiative
- c. Cox Park Playground Installation

12. CITY ATTORNEY REPORT (NONE)

13. FUTURE AGENDA ITEMS (NONE)

14. COMMISSIONER COMMENTS FOR THE GOOD OF THE ORDER

- 14.a. Commissioner Barbara King
 - Thank you
- 14.b. Commissioner Betty Barnard
 - Thank you
- 14.c. Commissioner Albert Polk
 - Thank you
- 14.d. Vice-Mayor McKelvin
 - Thank you
- 14.e. Mayor Joe Kyles
 - Thank you

15. ADJOURNMENT 8:00 pm

Moved by: Vice-Mayor McKelvin

Joe Kyles, Mayor

ATTESTED BY:

South Bay City Clerk

RESOLUTION NO. 24-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, ACCEPTING THE ANNUAL COMPREHENSIVE FINANCIAL AND COMPLIANCE REPORT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2025; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Commission of the City of South Bay (“City Commission”) has been presented with the Annual Comprehensive Financial Report (“ACFR”) and Compliance Report for Fiscal Year ending September 30, 2025; and

WHEREAS, an annual financial audit is required pursuant to Section 218.39, Florida Statutes and Chapter 2, Article VI, Section 2-259 of the City of South Bay’s Code of Ordinances entitled, “Independent Annual Audit”; and

WHEREAS, the City Manager is recommending acceptance of the Annual Comprehensive Financial Report and Compliance Report for Fiscal Year ending September 30, 2025; and

WHEREAS, the City Commission desires to accept the recommendation of the City Manager and hereby approves the Annual Comprehensive Financial Report and Compliance Report for Fiscal Year ending September 30, 2025.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AS FOLLOWS:

Section 1. Adoption of Representations. The foregoing “Whereas” clauses are hereby ratified and confirmed as being true and the same are hereby made a specific part of this Resolution.

Section 2. Acceptance of Report. The City Commission of the City of South Bay hereby accepts the Annual Comprehensive Financial Report and Compliance Report for Fiscal Year ending September 30, 2025, and further authorizes the City Manager to take all necessary and expedient action to effectuate the intent of this Resolution.

Section 3. Effective Date. This Resolution shall be effective immediately upon its passage and adoption.

PASSED and ADOPTED this 2nd day of June 2026.

Joe Kyles, Mayor

ATTEST:

By: _____
Olivia Mejia , City Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

Burnadette Norris-Weeks, P.A.
City Attorney

Moved by: _____

Seconded by: _____

VOTE:

Commissioner Barnard	_____ (Yes)	_____ (No)
Commissioner King	_____ (Yes)	_____ (No)
Commissioner Polk	_____ (Yes)	_____ (No)
Vice-Mayor McKelvin	_____ (Yes)	_____ (No)
Mayor Kyles	_____ (Yes)	_____ (No)

City of South Bay, Florida

Financial Statements

For the Fiscal Year ended September 30, 2025

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

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City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of South Bay, Florida

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of South Bay, Florida, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Florida Retirement System (included in the General fund), which represent 37 percent, 89 percent, and 93 percent, respectively, of the assets, liabilities, and expenses of the City's pension plan as of September 30, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fiduciary funds, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards and rules are further described in the Auditor's Responsibilities for the Audit of the Financial Statements sections 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General, 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, budgetary comparison information, and schedules related to pension benefits 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* that considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 28, 2026

CITY OF SOUTH BAY, FLORIDA

Management's Discussion and Analysis



City of South Bay, Florida
Management's Discussion and Analysis
September 30, 2025

The purpose of Management's Discussion and Analysis (MD&A) is to provide the readers an overview of financial activities of the City of South Bay's (the "City") for the fiscal year ended September 30, 2025. This information is intended to assist the readers to identify changes in financial statements and help them to make decision or conclude about City's financial position.

The information contained within this MD&A is only a component of the entire financial statement report. The readers should take time to read and evaluate all sections of the financial statements including the footnotes and the other required supplementary information that is provided in addition, to this Management's Discussion and Analysis MD&A section.

Financial Highlights:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at September 30, 2025 by \$14,835,747 of this amount \$6,944,956 may be used to meet the government's ongoing obligation to citizens and creditors.
- The City's total net position increased by \$1,604,473 or 10.8% as a result of an increase of \$1,145,517 in governmental activities and an increase of \$458,956 in business-type activities.
- Governmental activities generated \$5,145,523 in revenues with \$4,662,293 in expenses.
- Business-type activities generated \$1,351,149 in revenues with \$892,193 in expenses.
- General fund balance decreased by \$114,338, as result, the unassigned fund balance was \$1,894,902 or 88% total of fund balances.
- The net position in business type activities increased by \$458,956 due to increase of \$153,835 in the water and sewer fund and an increase of \$305,121 in the sanitation fund.
- At the end of the current fiscal year, the unassigned fund balance for the general fund represented 63% of the total general fund expenditures.

Overview of the Financial Statements

The City's financial statements comprise of three components: 1) government-wide financial statements, 2) financial statements of funds, 3) notes to the financial statements, and 4) other. This report also contains other supplementary information aside to the basic financial statements.

City of South Bay, Florida
Management's Discussion and Analysis
September 30, 2025

1 - The focus of the *government-wide financial statements* is on the overall financial position and activities of the City. The difference between the City's total all assets and deferred outflows of resources, and total liabilities and deferred inflows of resources represents its net position. Although the purpose of the City is not to accumulate net position, over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *government-wide financial statements* provide readers with a broad overview of the City's finances for both its governmental activities and business-type activities which are shown in two statements:

- Statement of Net Position
- Statement of Activities

The Statement of Net Position presents information on all of the City's held assets and liabilities owed by the City.

The Statement of Activities presents the revenues and expenses of the City and the change in net position during current fiscal year. The items presented on the Statement of Activities are measured in a manner similar to the approach used in the private-sector; the revenues are recognized when earned and expenses are reported when incurred.

2 – The focus of the *fund financial statements* is a micronization of specific activities within the City as opposed to the City as a whole. Specific funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City groups its funds in two categories:

- Governmental Funds
- Proprietary Funds

Governmental fund financial statements consist of a balance sheet a statement of revenues and expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the *government-wide financial statements*. The focus of the financial statements is on short-term emphasis. That measures and accounts for cash and other assets that can easily be converted to cash. The major fund in the governmental fund is the General Fund. The City adopts an annual budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the annual budget.

Proprietary Funds provide the same type of information as the *government-wide financial statements*, only in more detail. The City presents a separate column for the water and sewer

City of South Bay, Florida
Management’s Discussion and Analysis
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and sanitation funds. The Sanitation Fund charges a fee to customers for the use of services. The Water and Sewer Fund receives an annual fee based on agreement between the City and Palm Beach County Water Utility Department. The basis of accounting of the financial statements is similar to the basis used to prepare the government-wide financial statements.

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

4- Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The supplementary information such as a comparison includes funding between the City’s adopted budget and actual financial results. The City adopts an annual appropriated budget for its governmental funds. The *budgetary comparison statement* has been provided to exhibit compliance with the budget.

Analysis of government-wide financial statements:

City of South Bay, Florida
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 5,403,219	\$ 5,634,524	\$5,841,419	\$ 5,425,885	\$ 11,244,638	\$11,060,409
Capital assets	5,690,184	5,052,358	212,927	212,927	5,903,111	5,265,285
Total assets	<u>11,093,403</u>	<u>10,686,882</u>	<u>6,054,346</u>	<u>5,638,812</u>	<u>17,147,749</u>	<u>16,325,694</u>
Current and other liabilities	1,301,218	2,035,555	65,665	69,387	1,366,883	2,104,942
Long-term liabilities outstanding	219,419	224,078	725,700	765,400	945,119	989,478
Total liabilities	<u>1,520,637</u>	<u>2,259,633</u>	<u>791,365</u>	<u>834,787</u>	<u>2,312,002</u>	<u>3,094,420</u>
Net position:						
Invested in capital assets (net of related debt)	5,589,062	4,969,646	212,927	212,927	5,801,989	5,182,573
Restricted for prepaid items	2,088,802	1,505,157	-	-	2,088,802	1,505,157
Unrestricted	<u>1,894,902</u>	<u>1,952,446</u>	<u>5,050,054</u>	<u>4,591,098</u>	<u>6,944,956</u>	<u>6,543,544</u>
Total net position	<u>\$ 9,572,766</u>	<u>\$ 8,427,249</u>	<u>\$5,262,981</u>	<u>\$ 4,804,025</u>	<u>\$ 14,835,747</u>	<u>\$13,231,274</u>

A significant portion of the City’s net position (39.1%) reflect its investment in capital assets (e.g. lands, infrastructure, buildings and equipment) less any debt related to those assets that are still outstanding. The City uses these capital assets to provide services to citizens; accordingly, these assets are not available for future spending. Although the City’s investment in its capital assets

City of South Bay, Florida
Management's Discussion and Analysis
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are 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 sold to liquidate these liabilities.

An additional portion of the City's net position (14%) represents resources that are subject to restriction on how they may be used.

The net position increased from \$13,231,274 to \$14,835,747 as a result of a net increase of \$458,956 in business-type and increase of \$1,145,517 in the governmental activities fund groups.

Expenses and Revenues – Governmental Activities:

Net position increases or decreases over time serve as a useful indicator of the government's financial position. Net position in governmental activities increased by \$1,145,517 in the current year, while the net position in prior year increased by \$115,914. Revenues in governmental activities including transfers in, increased by \$720,900 when the expenditures decreased by \$308,703 in fiscal year 2025.

City of South Bay, Florida
Management's Discussion and Analysis
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City of South Bay, Florida						
Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charge for services	\$ 60,241	\$ 71,140	\$ 1,008,568	\$ 696,662	\$ 1,068,809	\$ 767,802
Operating grant and contribution	1,847,688	1,310,852	-	-	1,847,688	1,310,852
General revenues:						
Property taxes	689,908	614,566	-	-	689,908	614,566
Franchise and taxes	841,532	781,150	-	-	841,532	781,150
Other taxes	1,113,484	1,124,481	-	-	1,113,484	1,124,481
Other	<u>312,406</u>	<u>362,434</u>	<u>342,581</u>	<u>338,985</u>	<u>654,987</u>	<u>701,419</u>
Total revenues	<u>4,865,259</u>	<u>4,264,623</u>	<u>1,351,149</u>	<u>1,035,647</u>	<u>6,216,408</u>	<u>5,300,270</u>
Expenses:						
General government	910,157	2,173,662	-	-	910,157	2,173,662
Public safety	259,913	239,279	-	-	259,913	239,279
Highway and street	2,472,196	1,531,139	-	-	2,472,196	1,531,139
Culture and recreation	357,740	364,629	-	-	357,740	364,629
Water and sewer	-	-	1,000	30,391	1,000	30,391
Sanitation	<u>-</u>	<u>-</u>	<u>610,929</u>	<u>576,919</u>	<u>610,929</u>	<u>576,919</u>
Total expenses	<u>4,000,006</u>	<u>4,308,709</u>	<u>611,929</u>	<u>607,310</u>	<u>4,611,935</u>	<u>4,916,019</u>
Increase (decrease) in net assets before transfer in (out)	865,253	(44,086)	739,220	428,337	1,604,473	384,251
Transfer in /(out)	<u>280,264</u>	<u>160,000</u>	<u>(280,264)</u>	<u>(160,000)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,145,517	115,914	458,956	268,337	1,604,473	384,251
Net position at beginning of year	<u>8,427,249</u>	<u>8,311,335</u>	<u>4,804,025</u>	<u>4,535,688</u>	<u>13,231,274</u>	<u>12,847,023</u>
Net position at end of year	<u><u>\$9,572,766</u></u>	<u><u>\$8,427,249</u></u>	<u><u>\$ 5,262,981</u></u>	<u><u>\$ 4,804,025</u></u>	<u><u>\$ 14,835,747</u></u>	<u><u>\$ 13,231,274</u></u>

The net position in business-type activities increased by \$458,956 in the current year, when the prior year's net position increased by \$268,337. The revenues in business-type increased by \$315,502 when the expenditures increased by \$4,619.

City of South Bay, Florida
Management's Discussion and Analysis
September 30, 2025

Discussion of Major Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The General Fund is the primary operating account for all unrestricted operating expenditures of the City. Revenues aggregated to \$2,873,513 including a transferring of \$30,264 and capital lease of \$33,052. While expenditures totaled \$2,987,851 resulting in a \$114,338 decrease in the fund balance at year end.

Proprietary Funds – The *Water & Sewer Fund* and Sanitation Fund are identified as major proprietary funds and report the operating income and change in net position.

Total proprietary funds revenue for service charges and other sources totaled \$1,351,149. The total expenditures totaled \$892,193 including a transfer out of \$280,264 to the capital project fund resulting in \$458,956 increase in net position.

General Fund Budgetary Highlights

General Fund operations had a positive variance of \$94,862, when the actual revenues including other financing sources were \$29,096 more than the final budget. Actual expenditures were less than the final appropriation by \$65,766. Budget amendments were done throughout the year to make funds available for unexpected expenditures as well as to realign funding changes in each department.

Capital Assets

The City's capital assets (net of accumulated depreciation) as of September 30, 2025, amounted to \$5,903,111 showing an increase of \$637,826 from the prior year. The increase was primarily due to road improvement NW 10th Avenue. Additional information on the City's assets can be found in NOTE 4, Capital assets.

City of South Bay, Florida
Management's Discussion and Analysis
September 30, 2025

City of South Bay, Florida
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 293,523	\$ 293,523	\$ 212,927	\$ 212,927	\$ 506,450	\$ 506,450
Construction in Progress	1,285,787	1,167,978	-	-	1,285,787	1,167,978
Buildings and improvements	727,191	727,191	-	-	727,191	727,191
Improvements other than buildings and roads	1,286,022	1,286,022	-	-	1,286,022	1,286,022
Lease (Right-of-use-asset)	60,524	60,524	-	-	60,524	60,524
Infrastructure	15,376,314	14,060,728	-	-	15,376,314	14,060,728
Equipment and machinery	1,031,903	983,200	-	-	1,031,903	983,200
Total	20,061,264	18,579,166	212,927	212,927	20,274,191	18,792,093
Accumulated depreciation	(14,371,080)	(13,526,808)	-	-	(14,371,080)	(13,526,808)
Total capital assets, net	<u>\$ 5,690,184</u>	<u>\$ 5,052,358</u>	<u>\$ 212,927</u>	<u>\$ 212,927</u>	<u>\$ 5,903,111</u>	<u>\$ 5,265,285</u>

Long-Term Debt

At the end of the current fiscal year, the City had a total of \$1,012,711 in revenue bonds, capital lease and compensated absences outstanding as compared to \$1,027,378 last year, noting a decrease of \$14,667. The City's obligations are secured by various revenue sources and capital assets.

City of South Bay, Florida
Bonded Debt, Notes and Loan Payable, and Capital leases

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues bonds	\$ -	\$ -	\$ 765,400	\$ 803,300	\$ 765,400	\$ 803,300
Capital lease	33,052	-	-	-	33,052	-
Compensated absences	214,259	224,078	-	-	214,259	224,078
Total	<u>\$ 247,311</u>	<u>\$ 224,078</u>	<u>\$ 765,400</u>	<u>\$ 803,300</u>	<u>\$ 1,012,711</u>	<u>\$ 1,027,378</u>

City of South Bay, Florida
Management's Discussion and Analysis
September 30, 2025

Economic Factors and Outlook for the Future

The City's economic environment is dependent on Palm Beach County's and the State of Florida's economic activities which are impacted by the City's sources of revenue. Other economic factors such as a weak economy, unemployment, commodities prices, growth and any new legislative bill and proposal may have a significant impact on the City's operations. City of South Bay has been fortunate to be located in an area with the opportunity to annex lands, which could be utilized for future development, additional employment opportunities and increases in property valuations and revenues.

The City primarily relies on various taxes levied by the state (sales and utilities) as well as franchise and other business tax receipts for governmental activities. The governmental fund budget has kept operational spending fairly unchanged. The City's elected officials consider many factors and establish goals, and priorities when adopting the annual budget each year. Improvements to roads will be funded by grants' monies that are expected to be received during 2025-2026 fiscal year.

Effective October 1, 2006, the fire rescue services was transferred to Palm Beach County Fire Rescue MSTU (municipal service tax unit). In accordance with this agreement, the City's property owners \$3.4581 mills of \$1,000 of taxable value are maintained by Palm Beach County and the City's millage rate remains at 6.3089. The property values have begun to stabilize and an increase of 6.5% is projected for the fiscal year 2025-2026.

Request for Information

The financial report is designed to provide a general overview of the City's finances to its citizens, taxpayers, customers, creditors and investors, to demonstrate the City's accountability to the aforementioned. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 335 S.W. 2nd Avenue, South Bay, FL 33493. Additional information is also available on the City's website.

CITY OF SOUTH BAY, FLORIDA

Basic Financial Statements



City of South Bay, Florida
Statement of Net Position
September 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 3,531,646	\$ 4,158,769	\$ 7,690,415
Accounts receivable (net of allowances for uncollectible accounts)	90,303	219,740	310,043
Due from government	952,180	-	952,180
Lease receivable	108,860	-	108,860
Prepaid items	38,421	-	38,421
Due from other funds	-	678,085	678,085
Restricted assets:			
Cash and cash equivalents	123,221	19,605	142,826
Investments	-	743,546	743,546
Capital assets	5,690,184	212,927	5,903,111
Other assets	549,151	21,674	570,825
Total assets	11,083,966	6,054,346	17,138,312
Deferred outflows:			
Deferred outflows-pension	9,437	-	9,437
Total deferred outflows	9,437	-	9,437
Liabilities:			
Accounts payable	248,564	6,600	255,164
Accrued liabilities	21,978	-	21,978
Compensated absences	214,259	-	214,259
Unearned revenue	138,332	-	138,332
Due to other funds	678,085	-	678,085
Payable from restricted assets:			
Interest payable	-	19,365	19,365
Long-term debt:			
Due within in one year	10,331	39,700	50,031
Capital lease	22,721	-	22,721
Due in more than one year	-	725,700	725,700
Net pension liability	39,873	-	39,873
Total liabilities	1,374,143	791,365	2,165,508
Deferred inflows:			
Leases	108,860	-	108,860
Deferred inflows-pension	37,634	-	37,634
Total deferred inflows	146,494	-	146,494
Net Position:			
Invested in capital assets, net of related debt	5,589,062	212,927	5,801,989
Restricted for:			
Prepaid items	38,421	-	38,421
Capital projects	2,050,381	-	2,050,381
Unrestricted	1,894,902	5,050,054	6,944,956
Total net position	\$ 9,572,766	\$ 5,262,981	\$ 14,835,747

City of South Bay, Florida
Statement of Activities
For the Fiscal Year Ended September 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating/Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:						
General government	\$ 910,157	\$ 60,241	\$ 770,235	\$ (79,681)	\$ -	\$ (79,681)
Public safety	259,913	-	-	(259,913)	-	(259,913)
Highways and streets	2,472,196	-	1,077,453	(1,394,743)	-	(1,394,743)
Culture and recreation	357,740	-	-	(357,740)	-	(357,740)
Total governmental activities	4,000,006	60,241	1,847,688	(2,092,077)	-	(2,092,077)
Business-type activities:						
Water and sewer	1,000	-	-	-	(1,000)	(1,000)
Sanitation	610,929	1,008,568	-	-	397,639	397,639
Total business-type activities	611,929	1,008,568	-	-	396,639	396,639
Total governmental	\$ 4,611,935	\$ 1,068,809	\$ 1,847,688	(2,092,077)	396,639	(1,695,438)
General revenue:						
Taxes:						
Ad Valorem				689,908	-	689,908
Franchise and other taxes				841,532	-	841,532
Sales taxes				606,541	-	606,541
State revenue sharing				231,383	-	231,383
Payment in lieu of taxes				275,560	-	275,560
Occupational licenses and permits				128,653	-	128,653
Investment earnings				87,708	146,932	234,640
Other				96,045	195,649	291,694
Interfund transfers				280,264	(280,264)	-
Total general revenues				3,237,594	62,317	3,299,911
Change in net position				1,145,517	458,956	1,604,473
Net position, beginning of year				8,427,249	4,804,025	13,231,274
Net position, end of year				\$ 9,572,766	\$ 5,262,981	\$ 14,835,747

City of South Bay, Florida
Balance Sheet
Governmental Funds
September 30, 2025

	Major Funds		Total Governmental Funds
	General Fund	Capital Projects	
Assets:			
Cash and cash equivalents	\$ 2,058,965	\$ 1,472,681	\$ 3,531,646
Accounts receivable (net of allowances for uncollectible)	90,303	-	90,303
Due from government	224,286	727,894	952,180
Lease receivable	108,860	-	108,860
Prepaid items	38,421	-	38,421
Other assets	549,151	-	549,151
Restricted assets:			
Cash and cash equivalents	123,221	-	123,221
Total assets	\$ 3,193,207	\$ 2,200,575	\$ 5,393,782
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 98,370	\$ 150,194	\$ 248,564
Accrued liabilities	21,978	-	21,978
Unearned revenue	138,332	-	138,332
Leases	108,860	-	108,860
Due to other funds	678,085	-	678,085
Total liabilities	1,045,625	150,194	1,195,819
Fund balances:			
Non-spendable:			
Prepaid items	38,421	-	38,421
Restricted for:			
Capital projects	-	2,050,381	2,050,381
Committed to:			
Compensated absences	214,259	-	214,259
Unassigned	1,894,902	-	1,894,902
Total fund Balances	2,147,582	2,050,381	4,197,963
Total liabilities and fund balances	\$ 3,193,207	\$ 2,200,575	\$ 5,393,782

City of South Bay, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Governmental Funds
September 30, 2025

Fund Balance – Total Governmental Funds \$ 4,197,963

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet 5,690,184

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	\$	(214,259)	
Pension liabilities		(68,070)	
Capital lease		(33,052)	
			(315,381)

Total net position – Governmental Activities \$ 9,572,766

City of South Bay, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2025

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Nonmajor</u> <u>Capital</u> <u>Projects</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Taxes and franchise fees	\$ 1,531,440	\$ -	\$ 1,531,440
Licenses and permits	128,653	-	128,653
Intergovernmental	802,620	310,864	1,113,484
Grants	128,475	1,719,213	1,847,688
Charges for services	60,241	-	60,241
Fines and forfeitures	14,040	-	14,040
Rents	38,150	-	38,150
Investment earnings	62,723	24,985	87,708
Miscellaneous revenues	43,855	-	43,855
Total revenues	<u>2,810,197</u>	<u>2,055,062</u>	<u>4,865,259</u>
Expenditures:			
Current:			
General government	1,846,601	480,108	2,326,709
Public safety	259,913	-	259,913
Highways and streets	616,770	1,182,334	1,799,104
Culture and recreation	215,864	12,000	227,864
Capital outlay	48,703	-	48,703
Total expenditures	<u>2,987,851</u>	<u>1,674,442</u>	<u>4,662,293</u>
Other financing sources:			
Operating transfer in	30,264	250,000	280,264
Capital lease	33,052	-	33,052
Total other financing sources:	<u>63,316</u>	<u>250,000</u>	<u>313,316</u>
Net change in fund balance	(114,338)	630,620	516,282
Fund balances, beginning of year	<u>2,261,920</u>	<u>1,419,761</u>	<u>3,681,681</u>
Fund balances, end of year	<u>\$ 2,147,582</u>	<u>\$ 2,050,381</u>	<u>\$ 4,197,963</u>

City of South Bay, Florida
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Governmental Funds
For the Fiscal Year Ended September 30, 2025

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

Net change in fund balance – total governmental funds	\$	516,282
<p>Governmental fund report capital outlay as expenditures. However, in the statement of the activities the cost of those assets is depreciated over their estimated useful lives:</p>		
Expenditures for capital assets		1,482,098
Current year depreciation		(844,272)
Capital lease		(33,052)
<p>Some expenses reported in the government wide statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund:</p>		
Compensated absences		9,819
Pension expense		14,642
		1,145,517
Change in net position of governmental activities	\$	1,145,517

City of South Bay, Florida
Statement of Net Position
Proprietary Funds
September 30, 2025

	Major Funds		Total Business-Type Activities Enterprise Funds
	Water and Sewer	Sanitation	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,303,962	\$ 2,854,807	\$ 4,158,769
Accounts receivable, net	31,280	188,460	219,740
Due from other funds	678,085	-	678,085
Restricted assets			
Cash and cash equivalents	19,605	-	19,605
Total current assets	<u>2,032,932</u>	<u>3,043,267</u>	<u>5,076,199</u>
Non-current assets:			
Restricted assets			
Investments	743,546	-	743,546
Capital assets			
Property, net	212,927	-	212,927
Other assets	21,674	-	21,674
Total non-current assets	<u>978,147</u>	<u>-</u>	<u>978,147</u>
Total assets	<u>\$ 3,011,079</u>	<u>\$ 3,043,267</u>	<u>\$ 6,054,346</u>

City of South Bay, Florida
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2025

	<u>Major Funds</u>		Total Business-Type Activities Enterprise Funds
	<u>Water and Sewer</u>	<u>Sanitation</u>	
Liabilities and net assets			
Liabilities:			
Current liabilities			
Accounts payable	\$ -	\$ 6,600	\$ 6,600
Total current liabilities	<u>-</u>	<u>6,600</u>	<u>6,600</u>
Current liabilities payable from restricted assets:			
Interest payable	19,365	-	19,365
Current portion of bond payable	<u>39,700</u>	<u>-</u>	<u>39,700</u>
Total current liabilities payable from current restricted assets	<u>59,065</u>	<u>-</u>	<u>59,065</u>
Non-current liabilities:			
Long-term portion of bond payable	<u>725,700</u>	<u>-</u>	<u>725,700</u>
Total non-current liabilities	<u>725,700</u>	<u>-</u>	<u>725,700</u>
Total liabilities	<u>784,765</u>	<u>6,600</u>	<u>791,365</u>
Net position:			
Invested in capital assets	212,927	-	212,927
Unrestricted	<u>2,013,387</u>	<u>3,036,667</u>	<u>5,050,054</u>
Total net position	<u>\$ 2,226,314</u>	<u>\$ 3,036,667</u>	<u>\$ 5,262,981</u>

City of South Bay, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Major Funds		Total Business-Type Activities Enterprise Funds
	Water and Sewer	Sanitation	
Operating revenues:			
Charges for services	\$ -	\$ 1,008,568	\$ 1,008,568
Municipal fee	195,649	-	195,649
Total operating revenues	<u>195,649</u>	<u>1,008,568</u>	<u>1,204,217</u>
Operating expenses:			
Contractual services	-	600,635	600,635
Other services and charges	1,000	10,294	11,294
Total operating expenses	<u>1,000</u>	<u>610,929</u>	<u>611,929</u>
Operating income	<u>194,649</u>	<u>397,639</u>	<u>592,288</u>
Non-operating revenues:			
Investment earnings	<u>44,186</u>	<u>102,746</u>	<u>146,932</u>
Total non-operating revenues	<u>44,186</u>	<u>102,746</u>	<u>146,932</u>
Income before transfers out	238,835	500,385	739,220
Transfers out	<u>(85,000)</u>	<u>(195,264)</u>	<u>(280,264)</u>
Change in net position	153,835	305,121	458,956
Net position, beginning of year	<u>2,072,479</u>	<u>2,731,546</u>	<u>4,804,025</u>
Net position, end of year	<u>\$ 2,226,314</u>	<u>\$ 3,036,667</u>	<u>\$ 5,262,981</u>

See accompanying notes to financial statements.

City of South Bay, Florida
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	<u>Major Funds</u>		Total
	<u>Water and Sewer</u>	<u>Sanitation</u>	Business-Type Activities Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 194,351	\$ 931,959	\$ 1,126,310
Payments to suppliers	(1,000)	(615,510)	(616,510)
Net cash provided by operating activities	<u>193,351</u>	<u>316,449</u>	<u>509,800</u>
Cash flows from capital and related financing activities:			
Principal paid	(37,900)	-	(37,900)
Net cash (used in) capital and related financing activities	<u>(37,900)</u>	<u>-</u>	<u>(37,900)</u>
Cash flows from non-capital and related financing activities:			
Transfers out to other funds	(85,000)	(195,264)	(280,264)
Net cash (used in) non-capital and related financing activities	<u>(85,000)</u>	<u>(195,264)</u>	<u>(280,264)</u>
Cash flows from investing activities:			
Interest received	44,186	102,746	146,932
Decrease in investment	39,809	-	39,809
Net cash provided by investing activities	<u>83,995</u>	<u>102,746</u>	<u>186,741</u>
Net increase in cash	154,446	223,931	378,377
Cash and cash equivalents at beginning of year	1,149,516	2,630,876	3,780,392
Cash and cash equivalents at end of year	<u>\$ 1,303,962</u>	<u>\$ 2,854,807</u>	<u>\$ 4,158,769</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 194,649	\$ 397,639	\$ 592,288
Adjustment to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable	(1,298)	(76,609)	(77,907)
(Decrease) in accounts payable	-	(4,581)	(4,581)
Total adjustments	<u>(1,298)</u>	<u>(81,190)</u>	<u>(82,488)</u>
Net cash provided by operating activities	<u>\$ 193,351</u>	<u>\$ 316,449</u>	<u>\$ 509,800</u>

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of South Bay, Florida (the "City") is a municipality within the legal and geographic boundaries of Palm Beach County, Florida, incorporated in October 1963 pursuant to Chapter 166, Florida Statutes. It is an instrumentality of the State of Florida established to carry on a centralized municipal government. The City Commission ("Commission") is responsible for the legislative and fiscal control of the City. A City Manager and Treasurer are appointed by the Commission and are responsible for the administrative and fiscal control of the City's resources maintained in the funds and account groups described below.

The basic financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below:

(a) Reporting Entity

The financial statements were prepared in accordance with the Governmental Accounting Standards Board that establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity is defined based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if the City appoints a voting majority of the organization's governing board, and if the City is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, management has determined that there are no other organizations that met the criteria described above.

(b) The Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental Revenues, are reported separately from business-type activities, which rely to a significant extent, on fees and charges for support.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include the following: 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 as *general revenues instead*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In fiscal year ended September 30, 2024, there are no remaining governmental funds to be aggregated and reported as non-major funds.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund-based financial statements to the governmental activities column of the government-wide presentation. The City applies eligible expenses against available restricted resources before the use of unrestricted resources.

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Regardless of the timing of related cash flow revenues are recorded when earned and expenses are recorded when a liability is incurred.

Grants and similar items are recognized as revenues as soon as all eligible 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. Ad valorem taxes and charges for services are susceptible to accrual when collected in the current year or within 60 days subsequent to year end, provided that amounts received pertain to billings through the fiscal year ended. Intergovernmental revenue and utility service taxes are recorded in

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

accordance with their legal or contractual requirements, if collected in the current period or within 30 days after year end. Interest is recorded when earned. Licenses, permits, fines, forfeitures, and miscellaneous revenue are recorded as revenue when received in cash because they are generally not measurable until actually received. Occupational license revenue collected in advance of periods to which they relate is recorded as deferred revenue.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except that principal and interest on long-term obligations are reported only when due in conformity with GAAP.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both governmental-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, producing and delivering of goods in connection with a proprietary fund's principal operations; in the case of the City, water and sewer revenues include the charges to customers for sales and services. Operating expenses for water and sanitation include the cost of providing these services the depreciation on capital assets, and the associated administrative costs. All revenue and expenses not meeting this definition are reported as *non-operating revenues and expenses*.

Major Funds and Basis Presentation

Generally Accepted Accounting Principles in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively records funds as major funds which either have significant outstanding debt proceeds or a specific community focus.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes, state and federal distributions, grants and other intra-governmental revenue. The general operating expenditures, fixed

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

charges, and capital outlay costs that are not paid through other funds are paid from the General Fund.

The *Water and Sewer Fund* accounts for the activities related to providing water and sewer services to the City's residents.

The *Sanitation Fund* accounts for activities related to solid waste, trash, and mosquito control services, which are provided to the City's residents.

(d) Assets, Liabilities and Net Assets or Equity:

(1) Cash and Cash Equivalents

All of the City's deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. City deposits include cash on hand, time and demand deposits, cash held with fiscal agent. City maintains a cash and investment pool that is available for use of all funds. Interest earned on pooled cash and investments is allocated to each of the funds based on the fund's average equity balance. The City's cash and investment pool allows individual funds, at any time, to deposit additional cash or make withdrawals without prior notice or penalty. Cash and cash equivalents reported in the government-wide financial statements include cash on hand, all highly liquid deposits, and investments with maturities of three month or less as of the purchase.

(2) Unbilled Accounts Receivable

Proprietary funds recognize revenue on the monthly cycle billing basis to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year, with respect to services provided but not billed at fiscal year end. It is the policy of the City to accrue Water and Sewer and Sanitation Funds unbilled revenue at year end.

(3) Accounts Receivable

The City's accounts receivables are presented in the financial statements net of allowances for uncollectible accounts.

(4) Allowances for Doubtful Accounts

Accounts receivable are written off on an individual basis in the year the City deems them uncollectible. Allowances for doubtful accounts have been provided for those accounts where collectability appears to be doubtful.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(5) Investments

The City's investments for all funds are carried at fair value based on quoted market prices. Investments consist of U.S Government time deposit securities. Purchases and sales of investments are recorded on the trade dates. Net realized gains and losses on sales of investments are reflected in current operating results as earnings.

(6) Restricted Assets and Reserves

Pursuant to various revenue bond indenture agreements, specific enterprise fund assets are required to be segregated as to use and, are, therefore, identified as restricted assets. For certain restricted assets, offsetting reserves have been established by charges to retained earnings.

(7) Grants from Government Agencies

Certain grants, under the various federal and state programs, are included in the general fund. Grant monies, if and when received, are disbursed by these funds for goods and services as prescribed under the respective grant programs or are transferred to other City funds for ultimate distribution under the terms of the grants. These programs are dependent on financial assistance by the state and federal governments.

(8) Capital Assets

Capital asset acquisitions are recorded as expenditures in the governmental fund financial statements. Such assets are capitalized at historical cost in the government-wide financial statements for both governmental activities and business-type activities. In the case of gifts or contributions, such assets are recorded at fair market value at the date of receipt. Capital costs which materially extend the useful life of existing properties are capitalized. Net capital assets are defined as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures.

Infrastructure assets (bridges, curbs and gutters, streets, lighting and drainage systems and similar assets that are immovable and of value only to the City) are capitalized and reported in the infrastructure category.

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Assets are depreciated using the straight-line method over the following estimated lives:

<u>Asset Type</u>	<u>Life</u>
Building and building improvement	25-50
Improvement other than building and roads	20
Infrastructure	50
Equipment and machinery	4-10

Depreciation is charged from the month of acquisition and none in the month of disposal

(9) Compensated Absences

The City accrues for compensated absences in accordance with GASB No. 101, Accounting for Compensated Absences. In the governmental funds, only the portion which would normally be liquidated with expendable available financial resources are accrued; whereas in the government-wide presentations, both the current and long-term portions are reported.

Employees earn 10 to 20 days of vacation and 24 days of sick leave annually. If an employee resigns in good standing or retires, the City pays accrued vacation and accumulated sick leave from 25% to 75% up to a maximum of 60 days.

(10) Deferred and Unearned Revenues

Deferred revenues are recorded for governmental fund receivable that are not yet available. An inflow that does not meet the criteria for revenue recognition, such as occupational licenses collected in advance are recorded as unearned revenues, in both the governmental fund and governmental-wide financial statements.

(11) 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 obligation are reported as liabilities in the applicable governmental activities, in the business-type activities, or in the proprietary fund type statement of net position. Bonds payable are reported net of the reported net of the applicable premium or discount. These premium and discounts are deferred and amortized over the life of the bonds. Issuance costs are expensed in the year they are incurred.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(12) Lease

Lease contracts that provide the City with control of a non-financial assets, such as land and building for a period of time in excess of twelve months are reported as intangible right to use lease asset with a related lease liability. The lease liability is recorded at the present value of future payments. The tangible right to use a leased asset is recorded for the same amount. Leased assets are amortized over the shorter of the useful life of the asset or the lease term.

(13) Concentration of Credit Risk

Financial instruments which subject the City to credit risk consist primarily of accounts receivable. Concentration of credit risk with respect to accounts receivable is generally diversified due to the large number of utility customers comprising the City's utility customer base. The City requires deposits from its customers and maintains an allowance for potential credit losses.

(14) Property Tax Calendar

Property taxes are levied on October 1 of every year; tax bills are mailed November 1 and are delinquent if not paid by the following March, and Tax certificates are sold for all taxes unpaid in July. The City's tax revenue is collected by the County's tax collector, who then remits to the City, monies collected following a calendar prescribed by law.

(15) Deferred inflows and outflows of Resources

Governmental funds report deferred revenues in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period. Furthermore, the governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-with level arise only when the City receives resources before it has a legal claim to them.

(16) Use of Estimates

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

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(17) Fund Balance

The City used restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as grant agreements requiring dollar for dollar spending.

Additionally the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for the purpose for which amounts in any unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund classification that comprise a hierarchy based primary on the extent to which the City is bound to constraint on the specific purpose for which amount in those funds can be spent. Amounts restricted to specific purpose are as follows:

- Constraints placed on the use of resources by creditors, grantors, contributors, or law or regulations of the governments, and
- Constraints imposed by law through constitutional provision or enabling legislation.

Amounts that can only be used for specific purpose pursuant to constraint imposed by the City Commissioners through a resolution or an ordinance are classified as *committed fund balances*. Amounts that are constrained by the City's intent to be used for specific purpose, but are neither restricted nor committed, are classified as *assigned fund balances*. Constraints imposed by law through constitutional provision or enabling legislation are classified as *restricted fund balances*. Assignments are made by City's management based on the City Commissioners' direction.

Non-spendable fund balance includes amounts that cannot be spent since they are either (a) not in spendable from or (b) legally or contractually required to be maintained intact. *Unassigned fund balance* represents a fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to a specific purpose within the general fund.

(18) Net Position

Net assets of the government-wide and proprietary funds are categorized as *invested in capital assets*, net of related debt, restricted or unrestricted. *Invested*

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

in capital assets, net of related debt is that portion of net assets that relates to the City's capital assets reduced by the portion of the assets that has been acquired through the use of long-term debt. This amount is offset by any unspent proceeds that are outstanding at fiscal year-end. Restricted net assets are that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

(19) Budget and Budgetary Accounting

The City prepares an annual operating budget for both the general fund and the special revenues fund which are reflected in these financial statements. The City's budgeting process is based on estimates of revenues and expenditures and requires that all budgets be approved by the City of South Bay's City Commissioners (the "Commissioners") after a public hearing is held. Subsequent amendments to the budget, if any, are approved by the Commissioners.

Budgets are prepared on the same basis of accounting as required for Governmental Fund Types. Expenditures may exceed the approved budget amounts for individual categories as long as the total does not exceed the approved budget. Any remaining fund balances remain with the City each year.

NOTE 2 – Deposits

All of the City's bank deposits are held in qualified public depositories approved by the State Treasurer of the State of Florida and they are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

The uninsured balance at September 30, 2025 was \$2,577,892 on bank statements balance less FDIC insurance at that time.

The City's deposit in the Florida Cooperative Liquid Assets Securities Systems (FL Class), a public entity investment trust organized under the laws of the State of Florida, is presented at Net Asset Value (NAV), which reflects fair value. The objectives of FL Class are to generate investment income while maintaining safety and liquidity. There are no restrictions or terms and conditions on the City in redeeming the deposit and the City has no unfunded commitments related to this deposit.

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 3 – INVESTMENTS:

Investments consist of U.S. Government time deposit securities. The table below summarizes the scheduled maturities of the investments at September 30, 2025:

	Fair Value of Investments Maturities				Total
	Less Than One Year	One to Five Years	Six To Ten Years	More Than Ten Years	
U.S. Government securities	<u>\$ 37,326</u>	<u>\$ 218,097</u>	<u>\$ 280,982</u>	<u>\$ 207,141</u>	<u>\$ 743,546</u>

On December 12, 1998, the City issued the Second Subordinate Water Revenue Bonds Series 1998 for \$1,339,000 with interest of 4.75% to the U.S. Department of Agriculture, Rural Utilities Service in connection with providing water and sewer services at the correctional facility in the City known as the Off-Site Improvements. Prior to the issuance of the bonds, \$1,338,760 was placed with the U.S. Treasury in time deposit securities to service the bond debt under an agreement for the water and sewer services. The interest rates on the securities range from 3.782% to 5.400%. The annual payments on the bonds are payable from the maturities of these investments.

Credit Risk – The Second Subordinate Water Revenue Bond Series 1998 limits the investments to United States Government or United States Treasury Bonds, certificates, notes, bills, or interest-bearing time deposits with the depositories of the City. The interest derived from such investments or deposits shall accrue as revenue to the general fund of the City, except in the case of special funds for which the City is required by agreement or by law to credit such special funds with interest on the invested balances.

The City has elected to proceed under the alternative investment guideline as set forth in section 218.415 (17) Florida Statutes. The City may invest any surplus public funds in the following:

- (a) The Local Government Surplus Trust Funds, or any intergovernmental investment pools pursuant to the Florida Interlocal Cooperation Act;
- (b) Security and Exchange Commission registered money market funds the highest credit quality rating from a nationally recognized rating agency;
- (c) Interest bearing time deposits or saving accounts in qualified depositories;
- (d) Direct obligation of the U.S. Treasury.

Securities listed in paragraph (c) and (d) shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured. The City reports all interest related revenue to investments activities in the respective funds and reports investments at fair value.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 4 – CAPITAL ASSETS

Changes in capital assets of the City as of September 30, 2025, are shown below:

	<u>Balance</u> <u>9/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2025</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated				
Land	\$ 293,523	\$ -	\$ -	\$ 293,523
Construction in progress	1,167,978	953,286	835,477	1,285,787
Total capital assets, not being depreciated	<u>1,461,501</u>	<u>953,286</u>	<u>835,477</u>	<u>1,579,310</u>
Capital assets, being depreciated				
Buildings and improvements	727,191	-	-	727,191
Improvement other than buildings and roads	1,286,022	-	-	1,286,022
Lease (Right-of-use-asset)	60,524	-	-	60,524
Infrastructure	14,060,728	1,315,586	-	15,376,314
Equipment and machinery	983,200	48,703	-	1,031,903
Total capital assets being depreciated	<u>17,117,665</u>	<u>1,364,289</u>	<u>-</u>	<u>18,481,954</u>
Less accumulated depreciation for:				
Buildings and improvements	692,826	12,062	-	704,888
Improvement other than buildings and roads	623,559	110,410	-	733,969
Lease (Right-of-use-asset)	60,524	-	-	60,524
Infrastructure	11,399,530	611,731	-	12,011,261
Equipment and machinery	750,369	110,069	-	860,438
Total accumulated depreciation	<u>13,526,808</u>	<u>844,272</u>	<u>-</u>	<u>14,371,080</u>
Total capital assets being depreciated, net	<u>3,590,857</u>	<u>520,017</u>	<u>-</u>	<u>4,110,874</u>
Governmental activities capital assets, net	<u>\$ 5,052,358</u>	<u>\$ 1,473,303</u>	<u>\$ 835,477</u>	<u>\$ 5,690,184</u>
	<u>Balance</u> <u>9/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2025</u>
<u>Business-Type Activities:</u>				
Capital assets not being depreciated				
Land	\$ 212,927	\$ -	\$ -	\$ 212,927
Total capital assets, not being depreciated	<u>212,927</u>	<u>-</u>	<u>-</u>	<u>212,927</u>
Business-type activities capital assets, net	<u>\$ 212,927</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 212,927</u>

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 4 – CAPITAL ASSETS (Continued):

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

<u>Governmental activities</u>	
General government	\$ 41,303
Highway and streets	673,092
Culture and recreation	<u>129,877</u>
Total depreciation expense – governmental activities	<u>\$ 844,272</u>

NOTE 5 – LONG TERM DEBT:

Long-term debt activities for the year ended September 30, 2025, are shown below:

	Balance 9/30/2024	Increases	Decreases	Balance 9/30/2025
<u>Governmental activities:</u>				
Compensated absences	\$ 224,078	\$ -	\$ 9,819	\$ 214,259
Capital lease	-	33,052	-	33,052
Total governmental activities	\$ 224,078	\$ 33,052	\$ 9,819	\$ 247,311
<u>Business-type activities:</u>				
Bond payable	\$ 803,300	\$ -	\$ 37,900	\$ 765,400
Total business-type activities	803,300	-	37,900	765,400
Total long-term debt	\$ 1,027,378	\$ 33,052	\$ 47,719	\$ 1,012,711

Long-Term Debt of Business type Activities:

Subordinate bonds were issued by the City to finance the cost of construction and erection of extensions and improvements to the City's water and sewer system. The revenues from the water and sewer system, certain excise taxes are the City's guaranteed entitlement to revenue sharing trust funds, and all other money derived from sources other than ad valorem taxation are pledged as security for the bonds. The maturities of outstanding debt are summarized as follows:

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 5 – LONG TERM DEBT (Continued):

Bond Series 1998 Second Subordinate Water Revenue:

<u>Fiscal year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 39,700	\$ 36,356	\$ 76,056
2027	41,600	34,471	76,071
2028	43,500	32,495	75,995
2029	45,600	30,429	76,029
3030	47,800	28,263	76,063
2031 - 2035	275,200	105,027	380,227
2036 - 2039	272,000	33,119	305,119
Total	<u>\$ 765,400</u>	<u>\$ 300,160</u>	<u>\$ 1,065,560</u>

Change during fiscal year:

Outstanding October 1, 2024	\$ 803,300
Retired	<u>(37,900)</u>
Outstanding September 30, 2025	<u>\$ 765,400</u>
Due within one year	\$ 39,700
Due in more than one year	725,700
Balance at September 30, 2025	<u>\$ 765,400</u>

The interest rate is 4.75% on the Second Subordinate Bonds Series 1998.

NOTE 6 – COMPENSATED ABSENCES

From 10 to 20 days of vacation and 24 days of sick leave can be earned by employees annually. If an employee resigns in good standing or retires, the City pays accrued vacation and from 25% to 75% of accumulated sick leaves up to a maximum of 60 days.

The change in compensated absences during the year is as follows:

	<u>Governmental Activities</u>
Balances at October 1, 2024	\$ 224,078
Decrease	<u>(9,819)</u>
Balance at September 30, 2025	<u>\$ 214,259</u>

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 7 – LEASE:

Effective October 1, 2021, the City implemented the Governmental Accounting Standard Board Statement 87 (GASB 87), *Lease*. Restatement for the implementation of GASB 87 as of October 1, 2021 was deemed insignificant.

The City has entered into a lease agreement with a radio station which allows the use of City’s land for a transmission tower site. The agreement includes six (6) five (5) year extension terms after the initial term. The lease increase by 3% over the lease payment during the previous year.

Year End 9/30:	Tower	
	Principal	Interest
2026	\$ 16,924	\$ 510
2027	17,431	525
2028	17,954	541
2029	18,493	557
2030	19,047	573
2031	19,001	590
	\$ 108,850	\$ 3,296

NOTE 8 - FLORIDA RETIREMENT SYSTEM

General Information - In accordance with Ordinance 15-2010 dated October 19, 2010, the City established Florida Retirement System (FRS) Investment Plan for the City Commissioners and the appointed officers (defined contribution plan). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employers defined benefit plans administered by the Florida Department of Management Services. First is Division of Retirement, including the FRS Pension Plan (“Pension Plan”), and the second is Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, City government, district school board, state university, community college, participating city or special district in Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S,

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 8 – FLORIDA RETIREMENT SYSTEM(Continued):

Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

Pension Plan

Plan Description – The Pension Plan is a cost-sharing, multiple-employer defined contribution plan with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, regular class members who retire at or after age 62, with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life. This payment is equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before the age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life. The payment is equal to 2.0% of their final average compensation based on the five highest years of salary each year of credited service. Elected Officers’ class members who retire at or after age 62, with at least six years of credited service or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8 – FLORIDA RETIREMENT SYSTEM(Continued):

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service and normal retirement to age increased to 65 or 33 years of service regardless of age members, Senior Management Service members, and Elected Officers’ class members. The normal age increased to 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Finally, the final average compensation for all these members will be based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with FRS employer for 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – The Florida legislative establishes rates for participating employers and employees. Contribution rates during the 2024-2025 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
Regular	3.00%	11.57%
Special Risk	3.00%	30.73%
DROP	3.00%	19.13%
Senior Management Service	3.00%	32.46%
Elected Officers	3.00%	56.62%

The City’s contributions, including employee contributions, to the Pension Plan totaled \$6,413 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the City reported a liability of \$33,332 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued):

pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-2024 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was .000107400 percent, which was a decrease of .000005728 percent from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the City recognized pension expense in amount of \$8,373. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,560	\$ -
Change in assumptions	3,871	-
Net difference between projected and actual earnings on pension plan investments	-	5,565
Change in proportion and differences between City pension plan contributions and proportionate share of contributions	1,508	26,815
City pension plan contributions Subsequent to the measurement date	1,492	-
Total	<u>\$ 10,431</u>	<u>\$ 32,380</u>

The deferred outflows of resources related to the Pension Plan, totaling \$1,492 and resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to the Pension Plan, will be recognized in pension expense as follows:

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued):

Fiscal Year Ending September 30,	Amount
2026	\$ (10,392)
2027	(8,052)
2028	(7,531)
2029	(7,421)
2030	(2,304)
Thereafter	12,359
Total	\$ (23,341)

Actuarial Assumptions – The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions. The assumptions were applied to all periods included in the measurement:

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

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but it instead is based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class, are summarized in the following table:

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued):

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.4%	1.5%

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

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher 7.70% than the current rate:

	1% Decrease (5.7%)	Current Discount Rate 6.7%	1% Increase 7.7%
City's proportionate share of the net pension liability	<u>\$ 65,413</u>	<u>\$ 33,332</u>	<u>\$ 6,435</u>

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

Payables to the Pension Plan - At September 30, 2025, the City reported a payable in the amount of \$33,332 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 8– FLORIDA RETIREMENT SYSTEM (Continued):

Health Insurance Subsidy (HIS) Plan

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

Benefits Provided – For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered, retirement system must provide proof of health insurance coverage, which may include medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution for the period October 1, 2024 through June 30, 2025 and from July 1, 2024 through September 30, 2025 was 1.66% respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$456 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources, Related to Pensions – At September 30, 2025, City reported a liability of \$6,541 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's 2023-2024 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was .000051032 percent, which was a decrease of .000002842 percent from its proportionate share measured as of June 30, 2024.

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8– FLORIDA RETIREMENT SYSTEM (Continued):

For the fiscal year ended September 30, 2025, the City recognized pension income of \$842. In addition, the City reported deferred outflow of resources and deferred inflows of resources related to pension from the following resource:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 39	\$ 10
Change in assumptions	58	1,582
Net difference between projected and actual earnings on pension plan investments	-	5
Change in proportion and differences between City pension plan contributions and proportionate share of contributions	401	3,656
City pension plan contributions Subsequent to the measurement date	114	-
Total	<u>\$ 612</u>	<u>\$ 5,253</u>

The deferred outflows of resources related to the HIS Plan, totaling \$114 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources, related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2026	\$ (971)
2027	(795)
2028	(683)
2029	(764)
2030	(755)
Thereafter	<u>(787)</u>
Total	<u>\$ (4,755)</u>

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued):

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.50%, average, including inflation
Discount rate	5.20%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2025, valuation was based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City’s proportionate share of the net pension liability was calculated using the discount rate of 5.2% as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.2%) or one percentage point higher 6.2% than the current rate:

	1% Decrease (4.2%)	Current Discount Rate 5.20%	1% Increase 6.20%
City's proportionate share of the net pension liability	\$ 7,376	\$ 6,541	\$ 5,841

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

Payables to the Pension Plan - At September 30, 2025, the City reported a payable in the amount of \$6,541 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued):

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

Investment Plan

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts. The individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 3.00% percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-2023 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular Class 8.30%, Special Risk Class 16.00%, Senior Management Service Class 9.67% and Drop 15.94%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the pension plan is transferred to the Investment Plan. The member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a *suspense account* for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 8 – FLORIDA RETIREMENT SYSTEM (Continued):

lump- sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$8,373 for the fiscal year ended September 30, 2025.

NOTE 9 – EMPLOYEE MONEY PURCHASE PENSION PLAN:

The City provides retirement benefits for all of its eligible employees through a money purchase pension plan and Florida Retirement System Investment Plan for the City Commissioners and appointed officers. The contributions to the employee retirement are as follows:

Money Purchase Pension Plan:

A Money Purchase Pension Plan (the "Plan") covers all City employees who have completed a fourth year of eligible service and agree in writing to make the required employee contributions to the Plan. The required employee contribution is five percent of compensation received. The City's matching contribution is equal to the five percent mandatory employee contribution for the year.

The City's matching contributions to the Plan are invested in annuity contracts and/or life insurance policies issued by an insurance company. Furthermore, the contracts and policies are issued in the employee's name. Employee benefits are vested at a rate of ten percent per year and are fully vested after ten years. An employee is eligible for early retirement within ten years of normal retirement date and has ten years of vested service.

The pension expense under this plan for the year ended September 30, 2025, was as follows:

	Governmental <u>Activities</u>
General Fund	\$ <u>50,333</u>

**City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025**

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES:

Interfund receivable and payable balances at September 30, 2025 were:

	Interfund Receivables	Interfund Payables	Transfer In	Transfer Out
General fund – major	\$ -	\$ 678,085	\$ -	\$ -
Water & sewer fund – major enterprise	678,085	-	-	-
	\$ 678,085	\$ 678,085	\$ -	\$ -

During the course of operations, numerous transactions occurred between individual funds for good and services. The receivables and payables are classified in the Statement of Net Assets as "due from other funds" or "due to other funds."

NOTE 11 – CAPITAL LEASE

In 2025, City purchased an auto under capital lease from a third party and recorded the transaction in *Governmental Activities*. The future minimum lease payment under this capital lease and the present value of the net minimum lease payment at September 30, 2025 is as follows:

<u>Year Ending</u>	
2026	\$ 12,480
2027	12,480
2028	<u>12,480</u>
Total minimum lease payment	37,440
Less: Amount representing interest	<u>(4,388)</u>
Present value of future payments	<u>\$ 33,052</u>

NOTE 12 – CONTINGENCIES AND COMMITMENTS:

The City receives financial assistance from federal, state and local governmental agencies in the form of grants and revenues sharing programs. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims, resulting from such audits, could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims would not have a material effect on the overall financial position of the City as of September 30, 2025.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 13 – RISK MANAGEMENT:

The City is exposed to various of loss related to torts, theft of, damage to and destruction of assets, error and omission, injuries to employees, and natural disasters for which the City purchases commercial insurance to protect against area of possible exposure. Deductibles and limits vary by coverage and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

NOTE 14– UTILITY CONTRACT:

On June 15, 2009, The City of South Bay, The City of Pahokee, The City of Belle Glade, and Palm Beach County entered into an interlocal agreement establishing “The Glades Utility Authority” (the “Authority”).

Under this agreement, the City’s utilities operations were transferred to the Authority effective October 1, 2009, and the Authority assumed the responsibility of the water and sewer as well as the outstanding bond debt for the three cities.

During 2012, because of extreme high debt payment obligations, substandard infrastructure and loss of customers, there was a going concern in regard to the Authority continuing to operate without substantial utility rate increase. As result, the Authority dissolved and effective March 31, 2013, all the utilities functions of the three-cities were transferred to Palm Beach County Water Utilities Department (PBCWUD). As result of this transition, all the outstanding debts of the City in the amount of \$2,157,000 as of March 31, 2013 and on May 20, 2014 was paid off.

The City of South Bay will continue to provide the solid waste, trash and mosquito control services. Under the agreement, the Authority agreed to bill the City’s customers for the sanitation services for a fee of one percent to the total of the monthly collection revenue. For the fiscal year ended September 30, 2025, the City paid \$10,294 for the collection fees.

The agreement with PBCWUD shall be for an initial term of fifty (50) fiscal years commenced on the day that the agreement was executed and the agreement shall, thereafter, automatically renew for successive ten (10) year periods until terminated.

Under the agreement, both Authority and PBCWUD are required to pay the City an annual entity transfer fee equal to seven percent based on annual gross revenues. For the year ended September 30, 2025, the City received \$195,649 for entity transfer fee.

City of South Bay, Florida
Financial Statements
For The Fiscal Year Ended September 30, 2025

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS:

The City provides no post healthcare or life insurance benefits to former City's employee after retirement. Therefore, GASB 45 – "*Accounting and financial Reporting by Employers for Post Employment Benefits Other Than Pensions*" would have no material effect on the City.

NOTE 16 – MANAGEMENT'S REVIEW:

Management has evaluated subsequent event through April 28, 2026, which is the date the financial statements were available to be issued.

CITY OF SOUTH BAY, FLORIDA

Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION

City of South Bay, Florida
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes and franchise fees	\$ 1,437,380	\$ 1,518,380	\$ 1,531,440	\$ 13,060
Licenses and permits	124,500	124,500	128,653	4,153
Intergovernmental	820,560	820,560	802,620	(17,940)
Grants	37,372	128,947	128,475	(472)
Charges for services	57,050	57,050	60,241	3,191
Fines and forfeitures	5,000	14,000	14,040	40
Rents	39,683	39,683	38,150	(1,533)
Investment earnings	46,625	61,625	62,723	1,098
Miscellaneous	21,523	49,408	43,855	(5,553)
Total revenues	<u>2,589,693</u>	<u>2,814,153</u>	<u>2,810,197</u>	<u>(3,956)</u>
Expenditures:				
Current:				
General government	1,527,941	1,898,446	1,846,601	51,845
Public safety	250,127	260,037	259,913	124
Highways and streets	611,921	649,821	616,770	33,051
Culture and recreation	213,968	228,703	215,864	12,839
Capital outlay	16,000	16,610	48,703	(32,093)
Total expenditures	<u>2,619,957</u>	<u>3,053,617</u>	<u>2,987,851</u>	<u>65,766</u>
Excess of revenues over (under) expenditures	<u>(30,264)</u>	<u>(239,464)</u>	<u>(177,654)</u>	<u>61,810</u>
Other financing sources:				
Operating transfer in	30,264	30,264	30,264	-
Capital lease	-	-	33,052	33,052
Total other financing sources:	<u>30,264</u>	<u>30,264</u>	<u>63,316</u>	<u>33,052</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (209,200)</u>	<u>(114,338)</u>	<u>\$ 94,862</u>
Fund balance, beginning of year			<u>2,261,920</u>	
Fund balance, end of year			<u>\$ 2,147,582</u>	

City of South Bay, Florida
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects Fund
For the Fiscal Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental	\$ 305,000	\$ 305,000	\$ 310,864	\$ 5,864
Grants	3,661,760	3,661,760	1,719,213	(1,942,547)
Investment earnings	20,000	20,000	24,985	4,985
Total revenues	<u>3,986,760</u>	<u>3,986,760</u>	<u>2,055,062</u>	<u>(1,931,698)</u>
Expenditures:				
Current:				
General government	1,000,000	1,000,000	480,108	519,892
Highways and streets	1,200,000	1,200,000	1,182,334	17,666
Culture and recreation	2,070,000	2,070,000	12,000	2,058,000
Total expenditures	<u>4,270,000</u>	<u>4,270,000</u>	<u>1,674,442</u>	<u>2,595,558</u>
Excess (deficiency) of revenues over expenditures	<u>(283,240)</u>	<u>(283,240)</u>	<u>380,620</u>	<u>663,860</u>
Other financing sources:				
Operating transfer in	250,000	250,000	250,000	-
Total other financing sources:	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (33,240)</u>	<u>\$ (33,240)</u>	630,620	<u>\$ 663,860</u>
Fund balance, beginning of year			<u>1,419,761</u>	
Fund balance, end of year			<u>\$ 2,050,381</u>	

City of South Bay, Florida
Note to Budgetary Comparison Schedule
Budget and Actual – General and Capital Project Funds
For the Fiscal Year Ended September 30, 2025

NOTE 1 – BUDGETARY ACCOUNTING

Budgets - Budgets are legally adopted for the General and Capital Project Funds. All governmental fund budgets are prepared on the modified accrual basis of accounting.

Under the law of the State of the Florida and the City of South Bay Code, the City Manager submits to the Mayor and City Commissioners, a proposed Budget and Financial Plan for the fiscal year commencing the following October 1st. The Annual Budget and Financial Plan are prepared by fund, function and activities and include all proposed expenditures and means of financing them. Public hearings are conducted to obtain taxpayers comments. Prior to October 1st, the budget is legally enacted by the City Commissioners through passage of a resolution.

Changes or amendments to increase or decrease the total amount of budgeted revenue or expenditures for a given fund must be approved by a majority vote of the City Commissioners; however, the change, amendments or transfers within the total revenue or expenditures for functions, activities or departments of a given fund may be approved by the City Manager. During the year the original budget increased by \$433,660 the revenue increased primarily due to additional revenues from various taxes, and grants, and expenditures increased due to increase of operating expenses incurred in various departments.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget based on legally authorized revisions to the original budgets during the year.

Actual general fund revenues were under appropriations by \$3,956, when the actual general fund expenditures were under the appropriation by \$65,766.

Encumbrances – Encumbrance accounting, under which purchase orders, contract, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as extension of formal budgetary control. Encumbrance lapse at year end and become obligations of the subsequent year’s budget. At September 30, 2025, the City did not have any commitments related to unperformed contracts.

NOTE 2 – BUDGET AND ACTUAL COMPARISON

The Budgetary Comparison Schedule for the General and Capital Project Funds is required to be prepared under the basis of accounting used in preparing the budget. As indicated in Note 1, the modified accrual basis of accounting is used for budgetary purposes.

City of South Bay, Florida
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.000107%	0.000113%	0.000226%	0.000242%	0.000222%	0.000249%	0.000265%	0.000365%	0.000277%	0.000281%
City's proportion share of the net pension liability (asset)	\$ 33,332	\$ 43,763	\$ 89,959	\$ 90,082	\$ 16,766	\$ 107,755	\$ 91,308	\$ 109,994	\$ 81,906	\$ 71,077
City's covered-employee payroll	22,800	22,800	28,250	33,100	26,500	26,500	26,500	33,584	24,000	23,000
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	146.19%	191.94%	318.44%	272.15%	63.27%	406.62%	344.56%	327.52%	341.28%	309.03%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.90%	84.88%

* Amount represented for each fiscal year were determined as of 6/30.

**City of South Bay, Florida
Required Supplementary Information
Schedule of Contribution
Florida Retirement System
Last 10 Fiscal Years***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 6,413	\$ 8,442	\$ 13,334	\$ 12,615	\$ 10,648	\$ 10,351	\$ 10,277	\$ 11,923	\$ 10,215	\$ 9,148
Contribution in relation to the contractually required contribution	6,413	8,442	13,334	12,615	10,648	10,351	10,277	11,923	10,215	9,148
City's covered-employee payroll	22,800	22,800	28,250	33,100	26,500	26,500	26,500	31,454	27,000	23,000
Contribution as a percentage of covered-employee payroll	28.1%	37.0%	47.2%	38.1%	40.2%	39.1%	38.8%	37.9%	37.8%	39.8%

* Amount represented for each fiscal year were determined as of 9/30.

City of South Bay, Florida
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Health Insurance Subsidy Plan
Last 10 Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.000051%	0.000054%	0.000078%	0.000084%	0.000075%	0.000076%	0.000079%	0.000100%	0.000075%	0.000075%
City's proportion share of the net pension liability (asset)	\$ 6,541	\$ 8,082	\$ 12,417	\$ 8,923	\$ 9,182	\$ 9,323	\$ 8,866	\$ 10,654	\$ 8,052	\$ 8,684
City's covered-employee payroll	22,800	22,800	28,250	33,100	26,500	26,500	26,500	33,584	24,000	23,000
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.69%	35.45%	43.95%	26.96%	34.65%	35.18%	33.46%	31.72%	33.55%	37.76%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

* Amount represented for each fiscal year were determined as of 6/30.

**City of South Bay, Florida
Required Supplementary Information
Schedule of Contribution
Health Insurance Subsidy Plan
Last 10 Fiscal Years***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 456	\$ 456	\$ 514	\$ 510	\$ 440	\$ 440	\$ 440	\$ 546	\$ 399	\$ 382
Contribution in relation to the contractually required contribution	456	456	514	510	440	440	440	546	399	382
Contribution Deficiency (Excess)				-	-	-	-	-	-	-
City's covered-employee payroll	22,800	22,800	28,250	33,100	26,500	26,500	26,500	31,454	27,000	23,000
Contribution as a percentage of covered-employee payroll	2.0%	2.0%	1.8%	1.5%	1.7%	1.7%	1.7%	1.7%	1.5%	1.7%

* Amount represented for each fiscal year were determined as of 9/30.

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

To the Honorable Mayor and Members of the City Council
City of South Bay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund information of the City of South Bay, Florida (the ‘City’), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 28, 2026. Our report includes a reference to other auditors who audited the financial statements of the Fiduciary Funds, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 City’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 28, 2026

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

To the Honorable Mayor and Members of City Council
The City of South Bay, Florida

We have examined the City of South Bay, Florida’s (the “City”) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2025. Management is responsible for the City’s compliance with those requirements. Our responsibility is to express an opinion on the City’s compliance based on our examination.

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

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

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

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

This report is intended solely to describe our testing of compliance with aforementioned sections of the Florida statutes, and it is not suitable for any other reasons.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 28, 2026

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

To the Honorable Mayor and Members of the City Commission
City of South Bay, Florida

Report on the Financial Statements

We have audited the financial statements of the City of South Bay, Florida (the ‘City’), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 28, 2026

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on Compliance with the requirements of Section 218.415, Florida Statutes. Disclosures in those reports which are dated April 28, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. There was no component units associated with the City.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part

on representations made by management and the review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

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

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City of South Bay, a list of all program administrators and third-party administrators that administered the program. The City did not operate any PACE programs within the geographical areas of the City during the fiscal year under audit

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City of South Bay, the full names and contact information of each such program administrator and third-party administrator. The City did not operate any PACE programs within the geographical areas of the City during the fiscal year under audit.

Special District Component Units

Sections 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 the existence of any special district component units under the City.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this letter

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

April 28, 2026

RESOLUTION NO. 25-2026

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, APPOINTING BRENDA BRYANT TO THE CAREERSOURCE PALM BEACH COUNTY, INC. BOARD OF DIRECTORS; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of South Bay (“City”) entered an Interlocal Agreement dated July 10, 2007, creating the Palm Beach Workforce Consortium; and

WHEREAS, on June 1, 2021, the City Commission of the City of South Bay (“City Commission”) approved the replacement of the July 10, 2007, Interlocal Agreement as amended; and

WHEREAS, the Interlocal Agreement grants the City one elected official and one private business sector appointment to CareerSource Palm Beach County, Inc. Board of Directors; and

WHEREAS, the current private business sector appointment to the CareerSource Palm Beach County, Inc. Board of Directors’ term has expired; and

WHEREAS, CareerSource held interviews and the candidate, Brenda Bryant, was recommended by the Mayor; and

WHEREAS, the City Commission desires to appoint Brenda Bryant to the CareerSource Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA:

Section 1. Adoption of Representations. The foregoing “Whereas” clauses are hereby true and correct and incorporated by reference.

Section 2. Appointment of Member. The City Commission of the City of South Bay, Florida hereby appoints Brenda Bryant to the CareerSource Palm Beach County, Inc. Board of Directors.

Section 3. Effective Date. This Resolution shall be effective immediately upon its passage and adoption.

PASSED and ADOPTED this 2nd day of June 2026.

Joe Kyles, Mayor

ATTEST:

By: _____
Olivia Mejia, City Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

Burnadette Norris-Week, P.A.
City Attorney

Moved by: _____

Seconded by: _____

VOTE:

Commissioner Barnard	_____ (Yes)	_____ (No)
Commissioner King	_____ (Yes)	_____ (No)
Commissioner Polk	_____ (Yes)	_____ (No)
Vice-Mayor McKelvin	_____ (Yes)	_____ (No)
Mayor Kyles	_____ (Yes)	_____ (No)

SouthBay Clerk

From: Mary Mullen Butler <MMullen@careersourcepbc.com>
Sent: Tuesday, May 26, 2026 8:13 AM
To: SouthBay Clerk
Cc: Joe Kyles; Julia Dattolo; Leondrae Camel
Subject: Request for Resolution - Appointment of Brenda Bryant to CareerSource PBC Board of Directors
Attachments: Resolution Appointment to CSPBC Board of Directors.pdf; CareerSource PBC Bylaws 07 02 2024 (Signed).pdf

Dear Vicky,

I hope you're doing well. Per the email thread below, we have received approval from Mayor Kyles to add Ms. Brenda Bryant to our Board of Directors.

When Mayor Kyles appointed Tatiana Messerole as the City of South Bay's representative to our Board, you kindly provided us with a resolution. I've attached that document again for reference.

As Ms. Messerole's term concluded on April 4, 2025, it has been challenging to identify a suitable replacement for this important role. Our CEO, Julia Dattolo, recently interviewed a potential candidate, Ms. Brenda Bryant, and believes she would represent the western community well on CareerSource's Board of Directors. Ms. Dattolo shared this recommendation with Mayor Kyles, who expressed his agreement that Ms. Bryant would be an excellent fit.

With that in mind, we would like to formally request a resolution confirming Mayor Kyles's appointment of Ms. Bryant to our Board of Directors. We sincerely appreciate your guidance in facilitating the necessary steps to finalize this appointment.

For your convenience, I've also attached our bylaws, including Section (D)(8), which outlines the appointment process.

Thank you for your time and assistance. We truly appreciate your support and look forward to working together to ensure a smooth appointment process.

Kind regards,
Mary

Mary Mullen-Butler

Executive Assistant to the President & CEO &
Board Liaison

Central Career Center
3400 Belvedere Road West Palm Beach, FL 33406

p: 561.340.1060 x.2205

w: www.careersourcepbc.com



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CareerSource Palm Beach County is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers on this website may be reached by persons using TTY/TDD equipment via the Florida Relay Service at 711.

From: Joe Kyles <kylesj@southbaycity.com>
Sent: Tuesday, May 26, 2026 7:29 AM
To: Julia Dattolo <JDattolo@careersourcepbcc.com>
Cc: Charles Duval <CDuval@careersourcepbcc.com>; Mary Mullen Butler <MMullen@careersourcepbcc.com>
Subject: [External].....Re: Board of Directors seat CareerSource Palm Beach County

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

Good morning Julia, Hope all is well with you and your family. Thanks for reaching out per Ms Bryant, She will be a great person to have on the board. Great choice, I conquer with you on this person. Mayor Joe Kyles.

Get [Outlook for iOS](#)

From: Julia Dattolo <JDattolo@careersourcepbcc.com>
Sent: Thursday, May 21, 2026 2:07:13 PM
To: Joe Kyles <kylesj@southbaycity.com>
Cc: Charles Duval <CDuval@careersourcepbcc.com>; Mary Mullen Butler <MMullen@careersourcepbcc.com>
Subject: Board of Directors seat CareerSource Palm Beach County

Mayor Kyles,

I hope all is well with you, sir.

Today, I had the pleasure to interview a candidate for our Board of Directors. I believe she would represent the western community well on our CareerSource Board. As the aide to Senator Berman, working out of our West Career Center, and now as the City Manager of Pahokee, Brenda Bryant has shown interest in serving on our Board to represent the West. She would be able to fill a seat that is assigned to you that Florida Crystals vacated. We have had this seat vacant for some time, and I believe this would be a perfect fit.

If you agree, I will need a letter of endorsement from you to assign Brenda Bryant to our Board of Directors. I have included some additional information below to help with your decision.

Brenda is a results-oriented leader with over 20 years of executive management experience and a strong record in strategic planning, financial oversight, and community engagement. As Legislative Aide to Senator Lori Berman, she have developed a deep understanding of municipal operations, policy development, and intergovernmental relations. She holds dual Master's degrees in Business Administration and Business Management, along with a B.S. in Computer Systems. A Leadership Glades Class of 2025 graduate and Belle Glade Chamber of Commerce board member, she is committed to advancing economic growth, operational efficiency, and sustainable future through transparent, collaborative leadership.

Thank you for your consideration in this matter,
Julia

Julia Dattolo

President/CEO

Central Career Center
3400 Belvedere Road West Palm Beach, FL 33406

p: 561-340-1060 x2363
w: www.careersourcepbcc.com



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CareerSource Palm Beach County is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. All voice telephone numbers on this website may be reached by persons using TTY/TDD equipment via the Florida Relay Service at 711.

Please Note and read carefully: Florida has a very broad public records law. Most written communications to or from CareerSource Palm Beach County are public records available to the public and media upon request. Your email communications may therefore be subject to public disclosure

Please Note and read carefully: Florida has a very broad public records law. Most written communications to or from CareerSource Palm Beach County are public records available to the public and media upon request. Your email communications may therefore be subject to public disclosure

ORDINANCE 04-2026

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AMENDING ARTICLE XX, SECTION 20.13 (L) OF THE CITY'S CODE OF ORDINANCES ENTITLED "PROHIBITED SIGNS", DELETING THE RIGHT-OF-WAY DISTANCE REQUIREMENT FOR SAID SECTION; DELETING AND REPLACING ARTICLE XX, SECTION 20.14 OF THE CITY'S CODE OF ORDINANCES ENTITLED "SIGNS CONTINGENT ON SPECIAL REGULATIONS" WITH NEW TITLE "TEMPORARY POLITICAL SIGNS AND TEMPORARY NONCOMMERCIAL SIGNS"; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR CONFLICT AND REPEALER; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, as provided in Section 2(b), Article VIII of the Constitution of the State of Florida, and Section 166.021(1), Florida Statutes, the City of South Bay , Florida ("City"), a municipal corporation, enjoys all governmental, corporate and proprietary powers necessary to conduct municipal government, perform municipal functions, and render municipal services, and may exercise any power for municipal purposes, except as expressly prohibited by law; and

WHEREAS, the City Commission desires to amending Article XX, Section 20.13 (L) of the City's Code of Ordinances entitled "Prohibited Signs", deleting the right-of-way distance requirement for said section, in entirety, so that the current language does not conflict with amended Section 20.14; and

WHEREAS, the City Commission desires to delete and replace Article XX,

Section 20.14 of the City's Code of Ordinances entitled "Signs Contingent on Special Regulations" to replace in its entirety and add new title "Temporary Political Signs and Temporary Noncommercial Signs"; and

WHEREAS, the City Commission of the City of South Bay has determined that amending its code of ordinances pertaining to temporary political signs and temporary noncommercial signs is in the best interests of the City of South Bay.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA:

Section 1. Adoption of Representations.

The foregoing "Whereas" clauses are hereby ratified and confirmed as being true, and the same are hereby made a specific part of this Ordinance.

Section 2. Amending Article XX, Section 20.13(L), entitled "Prohibited Signs" to remove right of way distance requirements and re-letter as follows:

Sec. 20.13. - [Prohibited signs.]

Prohibited signs:

- A. Motion picture mechanism in conjunction with any outdoor advertising structure, or advertising statuary used in such a manner as to permit or allow the images to be visible from any public street or sidewalk.
- B. Signs which produce noise or sound capable of being heard even though the sound produced is not understandable sound.
- C. Signs which emit visible smoke, vapor, particles, or odor.
- D. Signs or other advertising matter as regulated by this ordinance erected at the intersection of any street or in any street right-of-way in such a manner as to obstruct free and clear vision; or at any location where, by reason of the position shape, or color, it may interfere with, obstruct the view of, or be confused with any authorized traffic sign, signal, or device; or which makes use of words "stop", "look", "drive-in", "danger", or any other word, phrase, symbol, or character in such manner as to interfere with, mislead, or confuse vehicular traffic as determined by the city.
- E. Signs erected, constructed, or maintained so as to obstruct, or be attached to any firefighting equipment, window, door, or opening used as a means of ingress or egress

or for firefighting purposes, or placed so as to interfere with any opening required for proper light and ventilation.

F. Signs with any lighting or control mechanism which causes radio or television or other communication interruption or interference.

G. Sign affixed to or on any non-motorized wheeled vehicle.

H. Flags, banners, streamers, twirling, "A" type, sandwich type, sidewalk or curb signs; balloons or other air or gas filled figures and blank copy signs.

I. Outdoor advertising of any kind or character where any live animal or human being is used as part of the advertising and is visible from any public street or public place.

J. Any banner over any street or sidewalk within any city playground or park without permission from the city.

K. Any sign, portable or fixed, placed or erected on or over any part of the ultimate road right-of-way other than directional signs erected by authorized city, county, or state officials.

~~L. Temporary political signs erected within five (5) feet of any public right of way.~~

L. Any unauthorized sign on city property.

M. Any illuminated sign of such intensity that the vision of the observer becomes momentarily impaired.

N. Any sign which exhibits thereon any lewd, lascivious, indecent or immoral material.

O. Any signs attached to trees, utility poles, trailers, roller casters and any other unapproved supporting structure including portable signs and vehicular signs.

P. Flashing, rotating, revolving, moving or oscillating signs.

Q. All roof signs.

Section 3. Amending Article XX, Section 20.14, entitled "Signs Contingent on Special Regulations" to replace in its entirety and add new title "Temporary Political Signs and Temporary Noncommercial Signs" and shall read:

Sec. 20.14 - Signs Contingent on Special Regulations Temporary Political Signs and Temporary Noncommercial Signs:

The following signs are permitted subject to their respective special regulations.

~~A. *Temporary political sign.* A sign not more than thirty two (32) square feet in area may be erected on private property not more than sixty (60) days prior to any election and removed within thirty (30) days after the election and so constructed as not to create any hazardous or dangerous conditions to the public.~~

~~B. *Electric signs.* No person, firm, or corporation shall erect, install, or maintain any electric sign with the city except in accordance with the regulations contained in the Electrical Code of Palm Beach County. All electric sign shall bear the Underwriter Laboratory Label of Approval and comply with all requirements of this ordinance.~~

Temporary political signs pertaining to specific elections urging the election or opposition of any candidate seeking any political office or urging the passage or defeat of any ballot measure and other temporary noncommercial signs endorsing, objecting or otherwise relating to a particular issue or communicating a noncommercial message or idea are permitted subject to the following restrictions:

- (1) Maximum size: No sign shall exceed a maximum of 32 square feet in area and shall be limited to two sides only. There shall be no triangular or multi-sided signs allowed.
- (2) Maximum number:
 - a. For political signs, not more than one sign per candidate or ballot measure shall be placed upon any property.
 - b. For other temporary noncommercial signs, not more than one sign per issue, idea or message shall be placed upon any property.
 - c. Altogether there shall be no more than three temporary two sided signs on any one property. However, more than one message may be placed on any side of the sign.
- (3) Location: Only on lots where the property owner has given permission. The placing of temporary signs anywhere on public property is prohibited. Temporary signs located on public property shall be deemed to be public property and shall be summarily removed by the city.
- (4) Minimum setbacks: From lot line of another: Ten feet. From the property line or from a street: Five feet.
- (5) Maximum height: Four feet, including supports for the sign.
- (6) Time limit:

- a. Political signs permitted pursuant to this section shall not be placed prior to 60 days of the election to which they are related and shall be removed within 30 days after the day of the final election to which they apply. In the case where there is a primary election, signs shall be allowed 60 days prior to the primary election. This time limit also applies to candidates who do not have an opponent in the primary. Signs may continue to be displayed between the primary election and the final election.

- b. Other temporary noncommercial signs permitted pursuant to this section shall be allowed only during the times when temporary political signs are allowed.

(7) Illegally placed: Temporary signs shall be removed by the owner or individual responsible for the illegal placement. In the event of failure to do so, the signs may be removed by the city.

Section 4. Conflict & Repealer.

All ordinances, parts of ordinances or code provisions in conflict herewith ordinance are hereby repealed.

Section 5. Severability.

If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of the Code or applications of this Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

Section 6. Inclusion in Code.

It is the intention of the City Commission of the City of South Bay that the provisions of this Ordinance shall at some time in the future become and be made a part of the Code of Ordinances of the City of South Bay and that the sections of this Ordinance

may be renumbered or re-lettered and the word "Ordinance" may be changed to "Chapter," "Section," "Article" or such other appropriate word or phrase, the use of which shall accomplish the intentions herein expressed; provided, however, that Section 1 hereof or the provisions contemplated thereby shall not be codified.

Section 7. Effective Date.

This Ordinance shall take effect immediately upon its passage and adoption.

PASSED FIRST READING this ____ day of _____ 2026.

PASSED SECOND READING this ____ day of _____ 2026.

Joe Kyles, Mayor

ATTEST:

Olivia Mejia, City Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**

Burnadette Norris-Weeks, P.A.
City Attorney

Moved by: _____

Seconded by: _____

VOTE:

Commissioner Barnard	_____ (Yes)	_____ (No)
Commissioner King	_____ (Yes)	_____ (No)
Commissioner Polk	_____ (Yes)	_____ (No)
Vice-Mayor McKelvin	_____ (Yes)	_____ (No)
Mayor Kyles	_____ (Yes)	_____ (No)

ORDINANCE NO. 05-2026

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AMENDING CHAPTER 6, SECTION 6-20 OF THE CITY OF SOUTH BAY'S CODE OF ORDINANCES ENTITLED "PERMIT FEE SCHEDULE" TO PROVIDE FOR CERTAIN FEE INCREASES; PROVIDING FOR ADOPTION OF REPRESENTATIONS; PROVIDING FOR CONFLICT AND REPEALER; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN CODE; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on April 6, 2010, the City of South Bay ("City") passed and adopted Ordinance 2-2010 relating to the establishment of a building permit fee schedule; and

WHEREAS, Section 166.222, Florida Statutes provides that a municipality may provide a schedule of reasonable inspection fees in order to defer the costs of inspection and enforcement of its building code; and

WHEREAS, the City of South Bay has established a fee schedule by Ordinance which is set forth in Chapter 6, Section 6-20 of the City of South Bay's Code of Ordinances; and

WHEREAS, the City Commission seeks to amend Chapter 6 of the City's Code of Ordinances, Section 6-20 entitled "Permit Fee Schedule" to increase certain fees as set forth herein; and

WHEREAS, the schedule of fees, as authorized by Section 166.222, Florida Statutes, and collected by the City shall be used solely for carrying out its responsibilities in enforcing the Florida Building Code; and

WHEREAS, City Commission desires to approve the Building Permit Fee Schedule, attached hereto as Exhibit "A" as in the best interests of the residents of the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SOUTH BAY, FLORIDA, AS FOLLOWS:

Section 1. Adoption of Representations.

The foregoing "Whereas" clauses are hereby ratified and confirmed as being

true and the same are hereby made a specific part of this Ordinance.

Section 2. Amending Chapter 6, Section 6-20 "Permit Fee Schedule", to provide for certain fee increases by Ordinance and shall read:

Sec. 6-20. - Permit fee schedule.

(a) *Adopted.* There is hereby adopted a building permit fee schedule. The building permit fee schedule is set forth herein.

(b) *Requirement.* No person shall be issued a permit without first paying the fees in accordance with this section.

(c) *Schedule.*

(1) Primary permit fees. Based on construction value determined using the latest published schedule of building valuation data as compiled by the International Code Council, Inc.; fees shall be calculated using the following formula and paid prior to issuance of a building permit. The purpose of using the International Code Council, Inc., Valuation Table is to provide a fair and equitable means of determining the construction value and is only a minimum value. The contractor's contract value shall only be used when the table does not cover the scope of work in the proposed project. Primary permit fees shall include the fees for sub-permits, the plans including the details of all associated work as determined by written policy, required separate applications, value of labor, and value of materials, profits, permits, and fees. Failure to include the required information at the time of application may require a separate permit to be issued with the appropriate fees being charged to the applicant:

a. Based on construction value determined using the latest published schedule of building valuation data as compiled by the International Code Council, Inc., or contract which is to be submitted at the time of permit application and accepted by the building official, the permit fee shall be calculated using the following formula and paid prior to issuance of a building permit.

a) Based on construction value determined using the latest published schedule of building valuation data as compiled by the International Code Council, Inc., or contract which is to be submitted at the time of permit application and accepted by the Building Official, the permit fee shall be calculated using the following formula and paid prior to issuance of a building permit.

Permit Rate of: On Construction Valuation of:
 2.00% \$0.01- \$10,000, plus
 1.00% \$10,001-\$500,000, plus
 0.50% \$over \$500,000

b. Minimum fee: \$50.00

2) Building Plan Review Fee. To be paid at the time of permit application. Building plan review is required on all architectural design plans or as may be required at the discretion of the Building Official:

a) Residential

- 1) 30% of the estimated permit fee calculated in (1) above
- 2) Minimum fee ~~\$100.00~~ \$105.00

b) Commercial

- 1) 50% of the estimated permit fee calculated in (1) above
- 2) Minimum fee ~~\$125.00~~ \$131.25

c) Review fee is in addition to the permit fee is due at time of application

d) Review fees are not refundable

3) Demolition and the moving of building/structures. Based on contract value, which is to be submitted at the time of permit application and accepted by the Building Official;

- a) One and one-half percent of contract value
- b) Minimum ~~\$100.00~~ \$105.00

4) Right of Way Permit Fee: ~~\$1,000.00~~ \$1050.00

5) Re-Inspection fee charged for each inspection as follows, if the violation requires an additional inspection, or the job is not ready for an inspection subject to the review of the Building Official;

- a) 1st Re-Inspection ~~\$75.00~~—\$78.75
- b) 2nd Re-Inspection (same type) ~~\$75.00~~ \$78.75 + \$50.00 penalty fee
- c) 3rd Re-Inspection (same type) ~~\$75.00~~ \$78.75+ \$75.00 penalty fee
- d) 4th Re-Inspection (same type) ~~\$75.00~~ \$78.75 + \$100.00 penalty fee
- e) Cancellation Fee ~~\$50.00~~ \$52.50

6) Miscellaneous inspection fee (per inspection) ~~\$90.00~~ \$94.50

7) Failure to obtain permit - Four times the permit fee, subject to review by the Building Official.

8) Plan revision (minor) - Minor plan revisions are those that would change certain minor components, as determined by the Building Official, on the set of submitted or permitted construction plans. Such minor components include, but are not limited to, revision to electrical, mechanical, or plumbing and changes to structural components that do not change the model of the unit or the square footage and layout of the structure:

- a) Pre-permit ~~\$100.00~~ \$105.00
- b) Post-permit ~~\$100.00~~ \$105.00 PER HOUR (~~\$65.00~~ \$68.25
minimum billed to the nearest half hour)

9) Plan revision (major). Major plan revisions are those that would change the model of the unit or the square footage and layout of the structure, as determined by the Building Official, on the set of submitted or permitted construction plans. Such major revisions may require a review by zoning, public works, fire, and the health department:

- a) Pre-permit ~~\$100.00~~ \$105.00 per hour (~~\$90.00~~ \$94.50
minimum billed to the nearest half hour)
- b) Post-permit ~~\$100.00~~ \$105.00 per hour (~~\$90.00~~ \$94.50
minimum billed to the nearest half hour)

10) Transfer of Permit:

- a) New Contractor ~~\$100.00~~ \$105.00
- b) New Lot Considered (major) revision

11) Appeal of the Building Official determination: ~~\$350.00~~ \$367.50

12) Expired Permits:

a) Permit renewal

1) ~~60%~~ 65% of the original permit fee for each required 90-day extension.

2) ~~\$100.00~~ Minimum \$105.00

b) Inspections Only

1) ~~\$100.00~~ \$105.00 plus permit fee

2) ~~\$75.00~~ \$78.75 for each required final inspection.

13) Refunds: 20% over \$100.00; except as specifically provided herein on this building division permit fee schedule.

14) Return Check Charge:

- a) ~~\$35.00~~ \$36.75 or 5% of the amount of the check, whichever is greater.
- b) Maximum charge: \$40.00

15) Training Surcharge. The following charges will apply to all permits and shall be reserved to fund the cost of educational materials, seminars and conferences, and training of such building personnel required to be certified in accordance with Chapter 468, Florida Statutes.

- a) One-half percent (0.50%) of the permit fee.

16) Special Inspection Charge. The following charges shall apply for after-hour inspections and for inspections on weekends, holidays, and other times that are considered to not be within the hours of a typical business day: ~~\$250.00~~ \$262.50

17) Conditional Certificate of Occupancy - At the discretion of the Building Official, a conditional (temporary) certificate of occupancy may be issued for structures which have unresolved or accepted conditions which do not affect the health and life safety of the occupants of the structure. The fees for these temporary certificates of occupancy shall be:

- a) ~~\$125.00~~ \$131.25 for single-family residence
- b) ~~\$325.00~~ \$341.25 plus \$50.00 per condition for commercial and multi-family projects.
- c) Conditional certificate of occupancy fees are not refundable.

18) Radon Surcharge and Certificate Maintenance Fee. Pursuant to Sections 468.631, 404.056 and 166.201 Florida Statutes, the following surcharges shall be collected by the building official and forwarded to the appropriate state agency for all under roof floor space permitted, including new construction, renovations, alterations and additions. Such surcharges shall be computed and collected as follows:

- a) One-half cent (0.05%) per square foot, plus
- b) One-half cent (0.05%) per square foot Certificate Maintenance Fee.
- c) Radon Surcharge and Certificate Maintenance Fee are not refundable.

19) Professional Service Charges. Additional professional services required by the Building Official to ensure public health, safety, and welfare will be charged to the application at the actual cost for the performance of the professional service. Such services include but are not limited to, structural engineering, hazardous material evaluation services, and sub-contract building inspection services. At the discretion of the Building Official, the applicant may be required to pay a deposit to cover the estimated cost of

additional professional services. Any amount of the deposit not expended for the professional services will be refunded to the applicant. These charges shall be in addition to the Primary Permit Fee and any other fees contained in the Building Division Rate Schedule. No certificate of occupancy shall be issued until all additional professional service charges have been paid.

20) Any services not listed or specified in this rate schedule do not preclude the possible need for additional inspections and charging a minimum fee of ~~\$90.00~~ \$94.50.

21) Special Plan Review Charges. The following charges shall apply for after-hour plan review and for plan review on weekends, holidays and other times, which are considered not to be within the hours of a typical business day.

- a) ~~\$75.00~~ \$78.75 per hour rounded up to the next hour.
- b) ~~\$125.00~~ \$131.25 minimum.

22) Fees for replacement documents shall be as follows:

- a) Replacement of permitted plans ~~\$75.00~~ \$78.75 plus printing cost
- b) Replacement of permit card ~~\$60.00~~ \$63.00 each
- c) Replacement of additional CO ~~\$75.00~~ \$78.75 each

23) Certificate of Occupancy and Completion

- a) 24-hour notice
 - 1. Residential: ~~\$150.00~~ \$157.50
 - 2. Commercial: ~~\$250.00~~ \$262.50
- b) Less than 24-hour notice
 - 1. Residential: ~~\$175.00~~ \$183.75
 - 2. Commercial: ~~\$275.00~~ \$288.75

24) Zoning review fees shall be set as an additional cost to other fees set forth in this section for a non-refundable cost of ~~\$90.00~~ \$94.50

25) Any unwarranted inspection trip where work not ready for inspection, there is no permit card on job site or plans not on job site or no access to property shall carry a cost: ~~\$100.00~~ \$105.00

26) Stop work order fee (to have work order lifted) - ~~\$100.00~~ \$105.00

27) Notary fees ~~\$5.00~~ \$10.00

- 28) Cost of Lien Search Request Fees:
- a. ~~\$75.00~~ \$100.00 for standard service per property.
 - b. ~~\$100.00 for rush order requests per property.~~

29) Additional Fees previously assessed by other city operations, other agencies or state law may be due at time of permitting

Section 3. Conflict & Repealer.

All ordinances, parts of ordinances or code provisions in conflict herewith ordinance are hereby repealed.

Section 4. Severability.

If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of the Code or applications of this Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

Section 5. Inclusion in Code.

It is the intention of the City Commission of the City of South Bay that the provisions of this Ordinance shall at some time in the future become and be made a part of the Code of Ordinances of the City of South Bay and that the sections of this Ordinance may be renumbered or re-lettered and the word "Ordinance" may be changed to "Chapter," "Section," "Article" or such other appropriate word or phrase, the use of which shall accomplish the intentions herein expressed; provided, however, that Section 1 hereof or the provisions contemplated thereby shall not be codified.

Section 6. Effective Date.

This Ordinance shall take effect immediately upon final passage and adoption.

PASSED FIRST READING this ____ day of _____ 2026.

PASSED SECOND READING this ____ day of _____ 2026.

Joe Kyles, Mayor

ATTEST:

By: _____
Olivia Mejia, City Clerk

**AS TO FORM AND
LEGAL SUFFICIENCY:**

Burnadette Norris-Week, P.A.
City Attorney

Moved by: _____

Seconded by: _____

VOTE:

Commissioner King	_____ (Yes)	_____ (No)
Commissioner Bernard	_____ (Yes)	_____ (No)
Commissioner Polk	_____ (Yes)	_____ (No)
Vice-Mayor McKelvin	_____ (Yes)	_____ (No)
Mayor Kyles	_____ (Yes)	_____ (No)



City of South Bay

South Bay City Hall
 335 SW 2nd Avenue
 South Bay, FL 33493
 Telephone: 561-996-6751
 Facsimile: 561-996-7950

www.southbaycity.com

Commission

- Joe Kyles Sr.
Mayor
- Taranza McKelvin
Vice Mayor
- Albert Polk
- Betty Barnard
- Barbara King
- Leondrae Camel
City Manager
- City Clerk
Olivia Mejia
- Bernadette Norris-Weeks
City Attorney

"An equal Opportunity
 Affirmative Action Employer"

To: Honorable Mayor and Commissioners
 From: Massih Saadatmand, Finance Director
 Thru: Mr. Leondrae Camel, City Manager
 Date: May 29, 2026
 Ref: Weekly check register

Enclosed, please find the summary of check register as of May 29, 2026:

General Fund

• Utility:		
	Comcast	\$ 1,274.88
	Verizon	552.02
• CAP Government		2,452.50
• HCT		11,810.00
• Coastal Network		1,500.00
• Bank of America		980.45
• Bagsinbulk		3,176.40
• FL Blue		11,381.01
• IWorq		9,900.00
• PBC Sheriff		20,997.17
• Purchased of supplies, materials and parts		2,430.28
• Payment for various services		3,778.63
• Payroll Deductions		4,062.95
• Other		<u>2,075.20</u>
	Total	\$ <u>76,371.49</u>

AP Check Register Report

City Of South Bay (CSBFND)

5/28/2026 2:28:23 PM

Page 1

Check Number	Vendor Number	Vendor Name	Check Date	Check Amount
17631	1055	IWORQ SYSTEMS INC	05/29/2026	9,900.00
17632	1330	ASSURITY LIFE INSURANCE COMPANY	05/29/2026	305.34
17633	1472	SHENITHA CLARK	05/29/2026	450.00
17634	1473	ANDRAY CARRINGTON	05/29/2026	250.00
17635	COLONIAL LIFE PROCES	COLONIAL LIFE	05/29/2026	1,302.43
17636	EVERGLADES FARM EQU	EVERGLADES EQUIPMENT GROUP	05/29/2026	84.60
17637	FEDERAL EXPRESS	FEDERAL EXPRESS	05/29/2026	40.45
17638	JIM HOOKS WELDING IN	JIM HOOKS WELDING INC.	05/29/2026	440.00
17639	LAKE HARDWARE	LAKE HARDWARE	05/29/2026	238.72
17640	MUTUAL OF OMAHA	MUTUAL OF OMAHA	05/29/2026	325.20
17641	PBC SHERIFF'S OFFICE	PALM BEACH COUNTY SHERIFF'S OFFICE	05/29/2026	20,997.17
17642	PRIMESTAR DIGITAL NET	PRIMESTAR DIGITAL NETWORK	05/29/2026	585.00
17643	QUADIENT LEASING USA	QUADIENT LEASING USA, INC.	05/29/2026	511.38
17644	WASHINGTON NATIONAL	WASHINGTON NATIONAL INS. CO.	05/29/2026	68.50
17645	FEDERATION OF FAMILI	FEDERATION OF FAMILIES OF FLORIDA	05/28/2026	1,050.00
Non-Electronic Transactions:				36,548.79
Total Transactions:				36,548.79

AP Check Register Report

City Of South Bay (CSBFND)

5/28/2026 12:34:53 PM

Page 1

Check Number	Vendor Number	Vendor Name	Check Date	Check Amount
ACH-944909	AFLAC	AFLAC	05/28/2026	1,617.13
ACH-JUNE2026	1394	FLORIDA BLUE	05/28/2026	11,381.01
ACH-W11173736	SOLSTICE BENEFITS IN	SOLSTICE	05/28/2026	769.55
Totals :			Electronic Transactions :	13,767.69
			Total Transactions :	13,767.69

AP Check Register Report

City Of South Bay (CSBFND)

5/22/2026 8:25:13 AM

Page 1

Check Number	Vendor Number	Vendor Name	Check Date	Check Amount
17621	1047	BAGSINBULK	05/21/2026	3,176.40
17622	1368	DOLLAR ITEM DIRECT	05/21/2026	1,507.57
17623	1449	TREVIPAY	05/21/2026	141.53
17624	CAP GOVERNMENT	CAP GOVERNMENT	05/21/2026	2,452.50
17625	COASTAL NETWORK SOL	COASTAL NETWORK SOLUTIONS, LLC	05/21/2026	1,500.00
17626	ORIGINAL EQUIPMENT	ORIGINAL EQUIPMENT	05/21/2026	457.86
17627	SOUTH CENTRAL FLORID	RAMS, INC.	05/21/2026	1,967.00
17628	XEROX CORP	XEROX CORPORATION	05/21/2026	234.80
17629	BANK OF AMERICA, NA	BANK OF AMERICA	05/21/2026	980.45
17630	HCT	HARVEY, COVINGTON & THOMAS	05/21/2026	11,810.00
Non-Electronic Transactions:				24,228.11
Total Transactions:				24,228.11

AP Check Register Report
City Of South Bay (CSBFND)

5/27/2026 11:59:48 AM

Page 1

Check Number	Vendor Number	Vendor Name	Check Date	Check Amount
ACH-2218	1146	VERIZON CONNECT FLEET USA LLC	05/27/2026	189.50
ACH-270445857	COMCAST BUSINESS	COMCAST	05/27/2026	935.49
ACH-6143091221	VERIZON WIRELESS	VERIZON WIRELESS	05/27/2026	362.52
Totals:			Electronic Transactions:	1,487.51
			Total Transactions:	1,487.51

AP Check Register Report
City Of South Bay (CSBFND)

5/19/2026 9:39:09 AM

Page 1

Check Number	Vendor Number	Vendor Name	Check Date	Check Amount
ACH-8960-526	COMCAST	COMCAST	05/19/2026	339.39
Totals:			Electronic Transactions:	339.39
			Total Transactions:	339.39