

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

CITY OF ATLANTIC BEACH, FLORIDA

SEPTEMBER 30, 2021

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**CITY OF ATLANTIC BEACH, FLORIDA
 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
 SEPTEMBER 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atlantic Beach, Florida, (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable of financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, Florida

INDEPENDENT AUDITOR'S REPORT

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information and the other statistical information section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, Florida

INDEPENDENT AUDITOR'S REPORT

The other statistical information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated July 20, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the City's 2020 financial statements, and our report dated June 18, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived.



July 20, 2022
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the City of Atlantic Beach, Florida (the City), we offer readers of our financial statements this narrative overview and analysis for the fiscal year ended September 30, 2021.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The purpose of each of the three components of the basic financial statements is described below.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. They include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Net position is reported as one of three categories: invested in capital assets net of related debt; restricted; or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted. 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 Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, referred to as "governmental activities," from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, referred to as "business-type activities." The governmental activities of the City include public safety, road maintenance and construction, parks and recreation, conservation and resource management, and general government, which include administration and other support functions. The business-type activities of the City include the utility, comprised of the water and sewer systems, the stormwater system, the sanitation service and the building code enforcement enterprise fund. The government-wide financial statements can be found on pages 13-14 of this report.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(continued)

Fund Financial Statements

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

■ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available financial resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided between the Governmental Funds Balance Sheet and the Statement of Net Position and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The City maintains 12 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other 11 governmental funds are combined into a single, aggregated presentation called Nonmajor Governmental Funds. Fund data for these nonmajor governmental funds is provided in the form of combining statements. These combining statements can be found on pages 72-75 of this report.

The City adopts an annual appropriated budget for all funds but is only required to present a budget comparison for its General Fund. The Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund budgetary comparison schedule and notes on pages 61-63 of this report has been provided to demonstrate compliance with this budget.

■ **Proprietary Funds**

The City maintains only one type of proprietary fund and that is enterprise funds. The enterprise funds are used to account for the activities of the water and sewer (utility), stormwater, building code enforcement, and sanitation activities.

The proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Separate information of the utility, stormwater, sanitation and building code enforcement activities can be found in the basic proprietary fund financial statements on pages 19-24 of this report.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

Fund Financial Statements *(concluded)*

■ **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the City (i.e., pension beneficiaries). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the General Fund. Required supplementary information can be found beginning on page 61 of this report.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a City's financial position. As can be seen in the summarized table below, the City's assets exceeded liabilities by \$87,232,114 at the close of the fiscal year ended September 30, 2021.

By far the largest portion of the City's net position, \$65,240,433 (75%), reflects its investment in capital assets (i.e., land, buildings, equipment, and infrastructure), less any related, outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$6,632,470 (7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$15,359,211 (18%), is used to meet the government's ongoing obligations to citizens and creditors.

City of Atlantic Beach's Net Position
September 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$12,951	\$11,099	\$16,474	\$15,549	\$29,425	\$26,648
Capital assets	44,198	45,237	33,996	36,652	78,194	81,889
Total Assets	57,149	56,336	50,470	52,201	107,619	108,537
Deferred Outflow	2,627	2,154	1,167	1,250	3,794	3,404
Long-term liabilities outstanding	7,137	7,580	11,960	15,839	19,097	23,419
Other liabilities	881	1,030	3,771	1,525	4,652	2,555
Total Liabilities	8,018	8,610	15,731	17,364	23,749	25,974
Deferred Inflow	366	541	66	88	432	629
Net Position:						
Invested in capital assets, net of related debt	42,934	43,896	22,307	23,406	65,421	67,302
Restricted	4,382	3,276	2,250	2,842	6,632	6,118
Unrestricted	4,076	1,538	11,283	9,751	15,359	11,918
Total Net Position	\$51,392	\$49,339	\$35,840	\$35,999	\$87,232	\$85,751

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

As illustrated in the schedule on page vi, the City was able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Atlantic Beach's Change in Net Position
For the Years Ended September 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$1,238	\$1,056	\$13,183	\$12,565	\$14,421	\$13,621
Operating Grants and Contributions	537	278	0	0	537	278
Capital Grants and Contributions	99	73	313	432	412	505
General Revenues:						
Property Taxes	6,342	5,912	0	0	6,342	5,912
Public Service Tax and Franchise Fees	1,655	1,856	0	0	1,655	1,856
Fuel Taxes	622	544	0	0	622	544
Discretionary Sales Surtax	1,040	915	0	0	1,040	915
State Shared Revenue	2,091	1,821	0	0	2,091	1,821
Other	36	363	19	240	55	603
Total Revenues	13,660	12,818	13,515	13,237	27,175	26,055
Expenses:						
General Government	2,931	2,536	0	0	2,931	2,536
Public Safety	6,448	6,582	0	0	6,448	6,582
Road Maintenance and Construction	2,291	1,866	0	0	2,291	1,866
Parks and Recreation	1,369	1,549	0	0	1,369	1,549
Conservation and Resource Management	3	23	0	0	3	23
Interest/Fiscal Charges on Long-term Debt	45	47	0	0	45	47
Utility	0	0	8,255	6,926	8,255	6,926
Stormwater	0	0	1,661	1,261	1,661	1,369
Sanitation	0	0	1,717	1,667	1,717	1,667
Building Code Enforcement	0	0	561	545	561	545
Total Expenses	13,087	12,603	12,194	10,399	25,281	23,110
Transfers	1,480	1,132	(1,480)	(1,132)	0	0
Change in Net Position	2,053	1,347	(159)	1,598	1,894	2,945
Net Position-Beginning	49,339	47,992	35,999	34,401	85,338	82,393
Net Position-Ending	\$51,392	\$49,339	\$35,840	\$35,999	\$87,232	\$85,338

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

Fund Financial Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is a summary of fund activity financial information for the fiscal year, rounded to the nearest thousand dollars:

■ **Governmental Funds**

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$12,090,942 an increase of \$1,998,627 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$3,805,291, which equated to 31% of total General Fund expenditures without transfers. The net result of various revenue and expense items resulted in an increase to the City's General Fund of \$944,050 or 13% during the current fiscal year. Property tax revenues increased by \$429,745 or 7% from the previous year. This was a result of an increase in the taxable values. General Fund transfers in increased by \$136,490, and there was no transfers out. Overall, general fund expenditures increased by \$200,647 or 2%. This can be attributed returning to normal business operations suspended during the COVID-19 pandemic.

Nonmajor governmental funds consisting of special revenue funds, the capital projects fund and the debt service fund have a combined fund balance of \$4,139,474. The net increase in fund balance after transfers in nonmajor governmental funds was \$1,054,577. The increase in the fund was related to the decrease in Capital Outlay Expenditures as many projects remained on hold due to supplies and labor being difficult to procure.

■ **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. During the fiscal year the proprietary funds recorded operating revenues of \$13,162,051, operating expenses of \$11,612,935, net non-operating expense of \$540,452 and net capital contributions, grants and transfers of \$(1,167,495). The net position in the proprietary funds decreased \$158,830 as a result of the fiscal year's activities. The unrestricted net position of the enterprise funds amounted to \$11,282,685 at the end of fiscal year 2021.

Stormwater rates stayed constant in fiscal year 2021 as there were no rate changes. The \$8.39 per ERU is approximately 55%, compared to 72% for the prior year, of the total operating expenses of \$1,623,091 needed to fully fund the operation with charges for service.

During fiscal year 2021, the Sanitation Fund netted a decrease in net position of \$59,906.

General Fund Budgetary Highlights

Net Budget

The overall net difference from the final budgeted resources (revenues and other financing sources) and adjusted final budgeted uses (expenditures and other financing uses) was a deficit of \$806,472. The actual increase in fund balance was \$1,010,772. This resulted in a \$1,817,244 positive budgetary variance.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)

Capital Assets and Debt Administration

Capital Assets—The City's investment in capital assets, net of related depreciation, for its governmental and business-type activities as of September 30, 2021, amounted to \$78,195,260. This investment in capital assets includes land, land improvements, land easements, buildings and infrastructure improvements, equipment, and construction in progress.

The total change in the City's capital assets, net of related depreciation, for the current fiscal year was a decrease of \$1,037,939 or 2.2% for governmental activities and a decrease of \$2,655,946 or 7.2% for business-type activities.

Capital asset events during the current fiscal year included the following:

■ **Governmental Activities**

Buildings reflected a net decrease of \$49,657 as a result of depreciation.

Intangible Assets reflected a net decrease of \$17,658. This asset category includes land easements and computer software.

Improvements Other Than Buildings reflected a net decrease of \$391,851. This represents capital asset increase of \$341,831 offset by depreciation of \$733,682.

Equipment reflected a net decrease of \$137,874. This represents capital asset increase of \$201,459, offset by depreciation of \$339,333.

Construction in progress decreased by \$510,778.

■ **Business-type Activities**

Buildings reflected a net decrease in asset value of \$6,671 from depreciation.

Improvements Other Than Buildings reflected a net decrease of \$773,105. This represents capital asset increases of \$1,467,689, offset by depreciation of \$2,240,794.

Equipment reflected a net decrease of \$137,874. This represents capital asset increase of \$201,459, offset by depreciation of \$339,333.

Construction in Progress had a net decrease of \$1,738,106.

**CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Continued)**

**City of Atlantic Beach's Capital Assets
(Net of Depreciation)
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$11,914	\$11,914	\$1,656	\$1,656	\$13,570	\$13,570
Intangibles	87	104	213	213	300	317
Buildings	6,755	6,805	21	27	6,776	6,832
Improvements-Other	23,737	24,129	30,517	31,291	54,254	55,420
Equipment	1,150	1,218	889	1,027	2,039	2,245
Construction in Progress	557	1,067	701	2,439	1,258	3,506
Total	<u>\$44,200</u>	<u>\$45,237</u>	<u>\$33,997</u>	<u>\$36,653</u>	<u>\$78,197</u>	<u>\$81,890</u>

Additional information on the City's capital assets can be found in Note 4 on pages 40-41 of this report.

Long-term Debt

At the end of the 2021 fiscal year, the City had total bonded debt outstanding of \$13,323,856. The amount of \$12,068,856 represents the City's debt related to its business type activities. This amount was comprised of debt secured solely by specified revenue sources. A detailed listing of the City's debt can be found in the table below.

**City of Atlantic Beach's Outstanding Debt
September 30, 2021
(In Thousands)**

	<u>2021</u>	<u>2020</u>
Governmental Activities:		
Capital Improvement Revenue Bonds, Series 2018	\$1,255	\$1,330
Business-type Activities:		
Utilities System Revenue Bond, Series 2014	6,805	8,070
F.D.E.P. State Revolving Funds Loan, 2010	0	453
F.D.E.P. State Revolving Funds Loan, 2009	0	5,086
Refunding Bank Loan Series 2021	5,193	0
Capital Lease Payable - 2018	71	139
Total	<u>\$13,324</u>	<u>\$15,078</u>

Debt service coverage calculations can be found on page 77. Additional information on the City's long-term debt can be found in Note 5 on pages 42-45 of this report.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(Concluded)

Revenue Highlights:

- Total General Fund Revenues for 2021 were \$522,621 higher than 2020 revenue (page 17). Increase in property tax revenue of \$429,745 is the largest contributor to this increase.
- The 2021 taxable property values were about 7% higher than the 2020 values. The City Commission voted to use the same millage rate of 3.2285 mills. The purpose for adopting the millage rate of 3.2285 was to maintain a level of ad valorem tax revenue sufficient to maintain adequate funding for the existing level of services at the estimated cost and to continue to maintain the city's infrastructure and adequate reserves. The final gross taxable property value was \$2,032,291,878. Ad valorem taxes of \$6,341,798 represent 53% of the General Fund revenues for 2021.
- The 2021 Intergovernmental revenues of \$2,455,036 make up 20% of general fund revenues. This is an increase of \$457,205 over 2020.
- The City's investment portfolio is valued at approximately \$17,381,086 as of September 30, 2021. The investments showed a loss of \$84,443 for the year.

Expenditure Highlights:

- Total Governmental Fund Expenditures increased in current year by \$382,504 when compared to prior year. Capital expenditures decreased from \$1,029,051 in 2020 to \$773,989 in 2021. This decrease is due to projects not being able to be completed due to the continued effects of the COVID-19 pandemic.

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Atlantic Beach, Finance Director, 800 Seminole Road, Atlantic Beach, Florida 32233.



Melissa Burns
Director of Finance

BASIC FINANCIAL STATEMENTS

These basic financial statements contain Government-wide, Fund Financial Statements
and Notes to Financial Statements

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	Primary Government			2020 Totals
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and investments	\$ 7,545,142	\$ 13,356,204	\$ 20,901,346	\$ 18,110,801
Receivables, current:				
Customer accounts, net	400	802,438	802,838	861,023
Intergovernmental and other	998,649	131,817	1,130,466	1,330,674
Notes receivable, net	760	-	760	16,519
Inventory	43,923	60,763	104,686	93,019
Prepaid expenses	33,374	-	33,374	352,394
Restricted assets:				
Equity in pooled cash and investments	4,325,779	2,122,551	6,448,330	5,761,420
Capital assets:				
Non-depreciable	12,470,159	2,356,711	14,826,870	17,075,754
Depreciable, net	31,728,633	31,639,757	63,368,390	64,813,391
Notes receivable, noncurrent	1,520	-	1,520	120,840
TOTAL ASSETS	57,148,339	50,470,241	107,618,580	108,535,835
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	2,579,766	715,862	3,295,628	2,784,676
Deferred outflows - loss on refunding	-	431,772	431,772	539,716
Deferred outflows related to OPEB	47,652	19,336	66,988	80,284
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,627,418	1,166,970	3,794,388	3,404,676
LIABILITIES				
Accounts payable and accrued expenses	806,564	793,526	1,600,090	1,140,118
Construction costs payable	10,616	52,127	62,743	48,776
Due to other governments	-	50,698	50,698	133,873
Unearned revenue	30,396	181,993	212,389	367,431
Accrued interest payable	22,276	108,258	130,534	181,664
Customer deposits	11,029	717,809	728,838	682,737
Long-term obligations:				
Due within one year	290,446	1,866,656	2,157,102	2,063,220
Due in more than one year	6,846,373	11,959,787	18,806,160	21,356,069
TOTAL LIABILITIES	8,017,700	15,730,854	23,748,554	25,973,888
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	224,625	8,643	233,268	422,663
Deferred inflows related to OPEB	141,583	57,449	199,032	205,763
Total deferred inflows of resources	366,208	66,092	432,300	628,426
NET POSITION				
Net investment in capital assets	42,933,176	22,307,257	65,240,433	67,302,057
Restricted for:				
General government facilities	257,189	-	257,189	257,689
Public safety	133,634	-	133,634	119,127
Road maintenance and construction	3,675,631	-	3,675,631	2,687,062
Other purposes	315,693	-	315,693	212,062
Debt service	-	280,916	280,916	280,916
Renewal and replacement	-	250,000	250,000	250,000
Utility rate stabilization	-	400,000	400,000	400,000
Utility system improvements	-	1,191,635	1,191,635	1,715,370
Building code enforcement	-	127,772	127,772	195,557
Unrestricted	4,076,526	11,282,685	15,359,211	11,918,357
TOTAL NET POSITION	\$ 51,391,849	\$ 35,840,265	\$ 87,232,114	\$ 85,338,197

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			2020 Totals
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 2,931,404	\$ 182,013	\$ 40,119	\$ 25,325	\$ (2,683,947)	\$ -	\$ (2,683,947)	\$ (2,236,907)
Public safety	6,448,233	708,075	295,969	73,310	(5,370,879)	-	(5,370,879)	(5,766,964)
Transportation	2,291,416	300,352	160,459	-	(1,830,605)	-	(1,830,605)	(1,641,859)
Parks and recreation	1,368,700	47,506	-	-	(1,321,194)	-	(1,321,194)	(1,503,150)
Conservation and resource management	2,550	-	40,891	-	38,341	-	38,341	(209)
Interest on long-term debt	44,553	-	-	-	(44,553)	-	(44,553)	(47,215)
Total governmental activities	13,086,856	1,237,946	537,438	98,635	(11,212,837)	-	(11,212,837)	(11,196,304)
Business-type activities								
Utility	8,255,088	9,807,843	-	178,312	-	1,731,067	1,731,067	2,831,476
Stormwater	1,660,502	898,242	-	134,447	-	(627,813)	(627,813)	(473,942)
Sanitation	1,716,831	2,001,862	-	-	-	285,031	285,031	306,667
Building code enforcement	561,097	474,977	-	-	-	(86,120)	(86,120)	(173,796)
Total business-type activities	12,193,518	13,182,924	-	312,759	-	1,302,165	1,302,165	2,490,405
TOTAL PRIMARY GOVERNMENT	\$ 25,280,374	\$ 14,420,870	\$ 537,438	\$ 411,394	\$ (11,212,837)	\$ 1,302,165	\$ (9,910,672)	\$ (8,705,899)
GENERAL REVENUES								
Taxes:								
Property taxes, levied for general purposes					6,341,798	-	6,341,798	5,912,053
Public service taxes and franchise fees					1,655,198	-	1,655,198	1,856,292
Fuel taxes levied for transportation purposes					621,762	-	621,762	543,623
Discretionary Sales Surtax					1,039,813	-	1,039,813	914,697
State shared revenue					2,090,852	-	2,090,852	1,821,375
Investment earnings (loss)					(34,757)	(49,686)	(84,443)	535,236
Miscellaneous					70,664	68,945	139,609	67,825
TRANSFERS					1,480,254	(1,480,254)	-	-
Total general revenues and transfers					13,265,584	(1,460,995)	11,804,589	11,651,101
CHANGE IN NET POSITION					2,052,747	(158,830)	1,893,917	2,945,202
NET POSITION, beginning of year					49,339,102	35,999,095	85,338,197	82,392,995
NET POSITION, end of year					\$ 51,391,849	\$ 35,840,265	\$ 87,232,114	\$ 85,338,197

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	2021			2020 Totals
	General Fund	Non-Major Governmental Funds	Total	
ASSETS				
Equity in pooled cash and investments	\$ 7,545,142	\$ 4,325,779	\$ 11,870,921	\$ 9,458,538
Receivables, net				
Customer accounts, net	400	-	400	54,055
Intergovernmental and other	676,785	321,864	998,649	1,198,857
Notes receivable, current	760	-	760	760
Inventory	43,923	-	43,923	32,256
Prepaid expenditures	33,374	-	33,374	352,394
Due from other funds	488,329	-	488,329	394,451
Notes receivable, non-current	1,520	-	1,520	1,520
TOTAL ASSETS	\$ 8,790,233	\$ 4,647,643	\$ 13,437,876	\$ 11,492,831
LIABILITIES				
Accounts payable and accrued liabilities	795,835	10,729	806,564	716,839
Construction costs payable	3,270	7,346	10,616	10,616
Due to other governments	-	-	-	80,064
Due to other funds	-	488,329	488,329	394,451
Deposits	9,264	1,765	11,029	13,108
Unearned revenue	30,396	-	30,396	185,438
TOTAL LIABILITIES	838,765	508,169	1,346,934	1,400,516
FUND BALANCE				
Nonspendable:				
Inventory	43,923	-	43,923	32,256
Prepays	33,374	-	33,374	352,394
Restricted for:				
Public safety	-	133,634	133,634	119,127
Road maintenance and construction	-	3,675,631	3,675,631	2,687,062
Other capital projects	-	257,189	257,189	257,689
Other purposes	-	315,693	315,693	212,062
Committed to:				
Conservation and resource management	-	116,072	116,072	77,732
Assigned to:				
Community redevelopment	50,000	-	50,000	50,000
Operating reserves	4,018,880	-	4,018,880	3,650,716
Unassigned	3,805,291	(358,745)	3,446,546	2,653,277
TOTAL FUND BALANCES	7,951,468	4,139,474	12,090,942	10,092,315
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,790,233	\$ 4,647,643	\$ 13,437,876	\$ 11,492,831

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

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

	<u>2021</u>	<u>2020</u>
FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 12,090,942	\$ 10,092,315
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	44,198,792	45,236,731
Deferred outflows of resources represent an consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	2,627,418	2,154,239
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(366,208)	(540,719)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(22,276)	(23,608)
Long-term liabilities (including bonds and notes payable, compensated absences liability, OPEB obligation, and net pension liabilities) are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
This is the amount of the long-term obligations	(7,136,819)	(7,579,856)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 51,391,849</u>	<u>\$ 49,339,102</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021			2020 Totals
	General Fund	Non-major Governmental Funds	Total	
REVENUES:				
Property taxes	\$ 6,341,798	\$ -	\$ 6,341,798	\$ 5,912,053
Non-property taxes	1,278,490	1,661,575	2,940,065	2,729,335
Licenses and permits	789,254	-	789,254	905,755
Intergovernmental revenue	2,388,315	-	2,388,315	1,997,831
Charges for services	963,957	66,595	1,030,552	812,422
Fines and forfeitures	57,838	32,978	90,816	73,711
Investment earnings (loss)	(17,504)	(17,254)	(34,758)	341,498
Miscellaneous revenues	(65,373)	40,890	(24,483)	45,354
Total revenues	<u>11,736,775</u>	<u>1,784,784</u>	<u>13,521,559</u>	<u>12,817,959</u>
EXPENDITURES:				
General government	2,741,504	2,550	2,744,054	2,429,783
Public safety	6,682,464	17,244	6,699,708	6,462,381
Transportation	1,247,340	341,160	1,588,500	1,384,495
Culture/recreation	1,089,282	-	1,089,282	1,209,745
Capital outlay	523,464	250,525	773,989	1,029,051
Debt service	-	120,884	120,884	118,458
Total expenditures	<u>12,284,054</u>	<u>732,363</u>	<u>13,016,417</u>	<u>12,633,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(547,279)</u>	<u>1,052,421</u>	<u>505,142</u>	<u>184,046</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,478,098	1,217,551	2,695,649	2,630,066
Transfers (out)	-	(1,215,395)	(1,215,395)	(1,498,213)
Sale of general capital assets	13,231	-	13,231	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,491,329</u>	<u>2,156</u>	<u>1,493,485</u>	<u>1,131,853</u>
NET CHANGE IN FUND BALANCE	944,050	1,054,577	1,998,627	1,315,899
FUND BALANCE, beginning of year	<u>7,007,418</u>	<u>3,084,897</u>	<u>10,092,315</u>	<u>8,776,416</u>
FUND BALANCE, end of year	<u>\$ 7,951,468</u>	<u>\$ 4,139,474</u>	<u>\$ 12,090,942</u>	<u>\$ 10,092,315</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

	<u>2021</u>	<u>2020</u>
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,998,627	\$ 1,315,899
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.	712,910	1,056,082
This is the amount of depreciation recorded in the current period.	(1,577,916)	(1,509,322)
This is the book value of dispositions recorded in the current period.	(172,933)	-
Long-term obligations including bonds and notes payable, compensated absences and other post-employment benefit obligations are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:		
This is the repayment of bond principal reported as expenditures in governmental funds.	75,000	70,000
This is the change in accrued interest payable on long-term obligations.	1,332	1,242
This is the change in accrued compensated absences during the year.	(51,549)	(184,664)
Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:		
This amount represents the change in deferred inflows related to OPEB.	4,673	(123,417)
This amount represents the change in deferred outflows related to OPEB.	(9,413)	41,755
This amount represents the change in the total OPEB liability.	(20,934)	66,177
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:		
This amount represents the change in deferred inflows related to pensions.	169,838	504,719
This amount represents the change in deferred outflows related to pensions.	482,592	(187,957)
This amount represents the change in the net pension liability.	440,520	296,244
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,052,747</u>	<u>\$ 1,346,758</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	2021					2020 Totals
	Business Type Activities - Enterprise Funds				Totals	
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement		
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 11,591,513	\$ 579,517	\$ 853,686	\$ 331,488	\$ 13,356,204	\$ 12,017,397
Accounts receivables, net	656,721	54,628	91,089	-	802,438	806,968
Due from other governments	35,244	-	96,573	-	131,817	131,817
Notes receivable - current	-	-	-	-	-	15,759
Inventory	60,763	-	-	-	60,763	60,763
Total current assets	<u>12,344,241</u>	<u>634,145</u>	<u>1,041,348</u>	<u>331,488</u>	<u>14,351,222</u>	<u>13,032,704</u>
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and investments	2,122,551	-	-	-	2,122,551	2,396,286
Notes receivable - noncurrent	-	-	-	-	-	119,320
Capital assets:						
Non-depreciable	1,114,907	1,241,804	-	-	2,356,711	4,094,817
Depreciable, net	23,569,192	7,997,378	2,024	71,163	31,639,757	32,557,597
Total noncurrent assets	<u>26,806,650</u>	<u>9,239,182</u>	<u>2,024</u>	<u>71,163</u>	<u>36,119,019</u>	<u>39,168,020</u>
Total assets	<u>39,150,891</u>	<u>9,873,327</u>	<u>1,043,372</u>	<u>402,651</u>	<u>50,470,241</u>	<u>52,200,724</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	527,065	106,026	1,745	81,026	715,862	687,502
Deferred outflows - refunding loss	375,642	56,130	-	-	431,772	539,716
Deferred outflows related to OPEB	13,938	2,767	-	2,631	19,336	23,219
Total deferred outflows of resources	<u>916,645</u>	<u>164,923</u>	<u>1,745</u>	<u>83,657</u>	<u>1,166,970</u>	<u>1,250,437</u>

Continued...

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (concluded)
SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

	2021					2020 Totals
	Business Type Activities - Enterprise Funds				Totals	
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement		
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 335,322	\$ 15,294	\$ 430,726	\$ 12,184	\$ 793,526	\$ 423,279
Construction costs payable	6,255	45,872	-	-	52,127	38,160
Due to other governments	8,294	-	-	42,404	50,698	53,809
Unearned revenue	90,605	29,898	61,490	-	181,993	181,993
Compensated absences	42,488	2,041	-	14,271	58,800	57,538
Bonds and notes payable, current	1,603,428	204,428	-	-	1,807,856	1,726,019
Total current liabilities	<u>2,086,392</u>	<u>297,533</u>	<u>492,216</u>	<u>68,859</u>	<u>2,945,000</u>	<u>2,480,798</u>
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Customer deposits	717,809	-	-	-	717,809	669,629
Interest payable	97,952	10,306	-	-	108,258	158,056
Compensated absences	220,979	11,891	-	46,338	279,208	257,099
Other postemployment obligation payable	85,172	16,908	-	16,077	118,157	109,963
Net pension liability	958,194	192,753	3,171	147,304	1,301,422	1,666,805
Bonds and notes payable, noncurrent portion	9,545,350	715,650	-	-	10,261,000	12,022,009
Total noncurrent liabilities	<u>11,625,456</u>	<u>947,508</u>	<u>3,171</u>	<u>209,719</u>	<u>12,785,854</u>	<u>14,883,561</u>
Total liabilities	<u>13,711,848</u>	<u>1,245,041</u>	<u>495,387</u>	<u>278,578</u>	<u>15,730,854</u>	<u>17,364,359</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	6,364	1,280	21	978	8,643	28,200
Deferred inflows related to OPEB	41,411	8,221	-	7,817	57,449	59,507
Total deferred inflows of resources	<u>47,775</u>	<u>9,501</u>	<u>21</u>	<u>8,795</u>	<u>66,092</u>	<u>87,707</u>
NET POSITION						
Net investment in capital assets	13,904,708	8,329,362	2,024	71,163	22,307,257	23,405,942
Restricted for:						
Debt retirement	280,916	-	-	-	280,916	280,916
Renewal and replacement	250,000	-	-	-	250,000	250,000
Utility rate stabilization	400,000	-	-	-	400,000	400,000
Utility system improvements (expendable)	1,191,635	-	-	-	1,191,635	1,715,370
Building code enforcement	-	-	-	127,772	127,772	195,557
Unrestricted	<u>10,280,654</u>	<u>454,346</u>	<u>547,685</u>	<u>-</u>	<u>11,282,685</u>	<u>9,751,310</u>
Total net position	<u>\$ 26,307,913</u>	<u>\$ 8,783,708</u>	<u>\$ 549,709</u>	<u>\$ 198,935</u>	<u>\$ 35,840,265</u>	<u>\$ 35,999,095</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021					2020 Total
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Totals	
OPERATING REVENUES:						
Charges for services						
Customer charges	\$ 9,773,510	\$ 898,242	\$ 1,930,877	\$ 474,977	\$ 13,077,606	\$ 12,481,870
Franchise permits	-	-	15,500	-	15,500	9,000
Miscellaneous revenues	68,945	-	-	-	68,945	43,252
Total operating income	9,842,455	898,242	1,946,377	474,977	13,162,051	12,534,122
OPERATING EXPENSES:						
Personnel services	1,776,734	371,312	(30,200)	456,726	2,574,572	2,663,633
Contractual services	673,262	70,803	1,574,973	7,214	2,326,252	1,944,303
Supplies	513,146	38,978	-	5,820	557,944	442,620
Repairs and maintenance	876,185	350,681	5,288	5,528	1,237,682	105,722
Utilities	349,132	-	-	-	349,132	351,447
Depreciation	2,005,224	562,879	450	18,429	2,586,982	2,571,983
Intergovernmental charges	1,283,844	186,319	164,383	55,465	1,690,011	1,686,671
Other expenses	234,388	42,119	1,937	11,915	290,359	259,222
Total operating expenses	7,711,915	1,623,091	1,716,831	561,097	11,612,934	10,025,601
OPERATING INCOME (LOSS)	2,130,540	(724,849)	229,546	(86,120)	1,549,117	2,508,521
NONOPERATING REVENUE (EXPENSE)						
Connection charges	34,333	-	-	-	34,333	24,957
Franchise fees	-	-	55,485	-	55,485	49,169
Investment earnings (loss)	(44,607)	368	(5,353)	(94)	(49,686)	193,740
Interest expense	(414,392)	(37,411)	-	-	(451,803)	(480,643)
Other, net	(128,781)	-	-	-	(128,781)	2,900
Total nonoperating revenues (expense)	(553,447)	(37,043)	50,132	(94)	(540,452)	(209,877)

Continued...

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021					2020 Total
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Totals	
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 1,577,093	\$ (761,892)	\$ 279,678	\$ (86,214)	\$ 1,008,665	\$ 2,298,644
CAPITAL CONTRIBUTIONS						
System development charges	178,312	-	-	-	178,312	427,040
Capital grants and contributions	-	134,447	-	-	134,447	4,613
Total capital contributions	178,312	134,447	-	-	312,759	431,653
TRANSFERS						
Transfers in	-	285,000	-	-	285,000	285,000
Transfers out	(1,025,670)	(400,000)	(339,584)	-	(1,765,254)	(1,416,853)
Total transfers	(1,025,670)	(115,000)	(339,584)	-	(1,480,254)	(1,131,853)
CHANGE IN NET POSITION	729,735	(742,445)	(59,906)	(86,214)	(158,830)	1,598,444
NET POSITION, beginning of year	25,578,178	9,526,153	609,615	285,149	35,999,095	34,400,651
NET POSITION, end of year	\$ 26,307,913	\$ 8,783,708	\$ 549,709	\$ 198,935	\$ 35,840,265	\$ 35,999,095

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021					2020 Totals
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 9,897,334	\$ 899,862	\$ 1,942,588	\$ 463,572	\$ 13,203,356	\$ 12,488,470
Payments to suppliers	(3,696,984)	(859,256)	(1,436,557)	(88,337)	(6,081,134)	(4,974,981)
Payments for salaries and benefits	(2,078,732)	(376,539)	(32,039)	(458,879)	(2,946,189)	(2,909,220)
Net cash flows from operating activities	<u>4,121,618</u>	<u>(335,933)</u>	<u>473,992</u>	<u>(83,644)</u>	<u>4,176,033</u>	<u>4,604,269</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers from (to) other funds	(1,025,670)	(115,000)	(339,584)	-	(1,480,254)	(1,131,853)
Connection charges received	34,333	-	-	-	34,333	24,957
Franchise fees received	-	-	55,485	-	55,485	49,169
Net cash flows from noncapital financing activities	<u>(991,337)</u>	<u>(115,000)</u>	<u>(284,099)</u>	<u>-</u>	<u>(1,390,436)</u>	<u>(1,057,727)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets, net of related payables	(147,232)	(233,761)	-	-	(380,993)	(1,064,520)
Principal paid on notes, bonds and lease obligations	(6,673,650)	(198,522)	-	-	(6,872,172)	(1,686,515)
Interest paid on borrowings and other debt costs	(368,363)	(25,294)	-	-	(393,657)	(391,470)
Proceeds from long-term debt	5,193,000	-	-	-	5,193,000	-
Proceeds from the sale of capital assets	143,451	-	-	-	143,451	-
Capital contributions and impact fees received, net of change in related receivables	178,312	454,920	-	-	633,232	431,653
Net cash flows from capital and related financing activities	<u>(1,674,482)</u>	<u>(2,657)</u>	<u>-</u>	<u>-</u>	<u>(1,677,139)</u>	<u>(2,710,852)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on invested funds	(44,607)	368	(5,353)	(94)	(49,686)	193,741
Other income	6,300	-	-	-	6,300	2,900
Net cash flows from investing activities	<u>(38,307)</u>	<u>368</u>	<u>(5,353)</u>	<u>(94)</u>	<u>(43,386)</u>	<u>196,641</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,417,492	(453,222)	184,540	(83,738)	1,065,072	1,032,331
CASH AND CASH EQUIVALENTS, beginning of year	12,296,572	1,032,739	669,146	415,226	14,413,683	13,381,352
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 13,714,064</u>	<u>\$ 579,517</u>	<u>\$ 853,686</u>	<u>\$ 331,488</u>	<u>\$ 15,478,755</u>	<u>\$ 14,413,683</u>
As shown in the Accompanying Financial Statements						
Equity in cash and investments	\$ 11,591,513	\$ 579,517	\$ 853,686	\$ 331,488	\$ 13,356,204	\$ 12,017,397
Restricted equity in cash and investments	2,122,551	-	-	-	2,122,551	2,396,286
Total cash and cash equivalents	<u>\$ 13,714,064</u>	<u>\$ 579,517</u>	<u>\$ 853,686</u>	<u>\$ 331,488</u>	<u>\$ 15,478,755</u>	<u>\$ 14,413,683</u>
Noncash financing and investing activities:						
Amortization of refunding loss	\$ 93,911	\$ 14,033	\$ -	\$ -	\$ 107,944	\$ 107,944

Continued...

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF CASH FLOWS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021					2020 Totals
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,130,540	\$ (724,849)	\$ 229,546	\$ (86,120)	\$ 1,549,117	\$ 2,508,521
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	2,005,224	562,879	450	18,429	2,586,982	2,571,983
(Increase) decrease in accounts receivable	6,699	1,620	(3,789)	-	4,530	(3,110)
(Increase) decrease in notes receivable	-	-	-	-	-	446
(Increase) decrease in amounts due from other governments	-	-	-	(11,405)	(11,405)	12,746
Increase (decrease) in accounts payable	232,974	(170,356)	310,024	(2,395)	370,247	(184,996)
Increase (decrease) in compensated absences	14,485	(258)	-	17,438	31,665	64,634
Increase (decrease) in customer deposits	48,180	-	-	-	48,180	(55,734)
(Increase) decrease in OPEB related deferred outflows	472	502	-	2,909	3,883	(17,144)
Increase (decrease) in the total OPEB liability	16,929	1,427	-	(10,162)	8,194	(23,551)
Increase (decrease) in OPEB related deferred inflows	4,481	(157)	-	(6,382)	(2,058)	50,443
(Increase) decrease in pension related deferred outflows	2,365	(41,371)	41,713	(31,067)	(28,360)	184,500
Increase (decrease) in the net pension liability	(325,377)	36,002	(102,190)	26,182	(365,383)	(105,406)
Increase (decrease) in pension related deferred inflows	(15,352)	(1,372)	(1,762)	(1,071)	(19,557)	(399,063)
Net cash flows from operating activities	<u>\$ 4,121,620</u>	<u>\$ (335,933)</u>	<u>\$ 473,992</u>	<u>\$ (83,644)</u>	<u>\$ 4,176,035</u>	<u>\$ 4,604,269</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2020

ASSETS	Pension Trust Funds	
	2021	2020
Cash and cash equivalents	\$ 866,209	\$ 495,614
Due from other governments	137,840	-
Accrued income	38,822	32,888
Investments at fair value	42,152,119	34,362,981
Total assets	43,194,990	34,891,483
LIABILITIES		
Accounts payable and accrued liabilities	-	7,810
Due to City	62,891	-
Total Liabilities	62,891	7,810
NET POSITION		
Restricted for pension benefits	\$ 43,132,099	\$ 34,883,673

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Pension Trust Funds	
	2021	2020
ADDITIONS		
Contributions:		
City	\$ 2,119,081	\$ 2,107,974
Plan members	255,665	258,087
State of Florida	274,267	132,844
Total contributions	2,649,013	2,498,905
Investment income	7,948,224	1,876,162
Less investment expenses:	(160,383)	(118,261)
Net investment income	7,787,841	1,757,901
Total additions	10,436,854	4,256,806
DEDUCTIONS		
Administrative expenses	65,266	73,887
Payments to retirees and participants	2,123,162	2,045,429
Total deductions	2,188,428	2,119,316
CHANGE IN NET POSITION	8,248,426	2,137,490
NET POSITION, beginning of year	34,883,673	32,746,183
NET POSITION, end of year	\$ 43,132,099	\$ 34,883,673

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Atlantic Beach, Florida, (the City), conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies used in the preparation of these financial statements:

Reporting Entity

The City was incorporated in 1957, under a charter in accordance with the laws of the State of Florida, Florida Statutes Section 57-1126. The City operates under a form of government, which comprises an elected City Commission (four Commissioners and a Mayor-Commissioner) and provides, under the administration of an appointed City Manager, the following services: public safety, public works (streets and infrastructure), recreation, conservation and resource management, sanitation, stormwater, reuse, planning, zoning, water and sewer, and general government services.

In accordance with the Codification of Governmental and Financial Reporting Standards, the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations whose exclusions would cause the reporting entity's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria for consideration in determining financial accountability. These criteria include appointing a majority of an organization's governing body and: (1) the ability of the City to impose its will on that organization; or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Other considerations are whether the organization is legally separate, whether the City holds the corporate powers of the organization, and whether there is fiscal dependency by the organization on the City. Based upon the application of these criteria, the City reports the following fiduciary component units:

- General Employees' Retirement Plan
- Police Officers' Retirement Plan

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund 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.

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 activity. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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

Government-Wide Financial Statements

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. The major exception to this general rule is charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. General revenues include all taxes.

Net position is reported as one of three categories: (1) Net Investment in Capital Assets; (2) Restricted; or (3) Unrestricted.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, pension expense, and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

- 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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

The City reports the following major proprietary funds:

- The **Utility Fund** accounts for the activities of the City’s water distribution, sewer collection and treatment systems, and reuse system.
- The **Sanitation Fund** accounts for the activities of the City’s sanitation system.
- The **Stormwater Fund** accounts for the activities of the City’s stormwater system.

Additionally, the City reports the following fund types:

- **Special Revenue Funds**—The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- **Capital Projects Funds**—The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities and improvement projects (other than those financed by proprietary funds or special revenue funds).
- **Pension Trust Funds**—These funds account for the activities of the Employees’ Retirement System, which accumulates resources for pension benefit payments to qualified police officers and general employees.

Fund Balance Classification

Fund Balance is reported in five components – non-spendable, restricted, committed, assigned, and unassigned:

- **Non-Spendable Fund Balance**—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance**—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., ordinance passed by City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance**—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates the authority.
- **Unassigned Fund Balance**—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the City's practice to use committed resources first, then assigned, and then unassigned as needed.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by City Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the General Fund, the City strives to maintain a fund balance operating reserve of approximately 25% of the subsequent year's budgeted General Fund payroll and operating expenditures.

Proprietary Funds

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

Budgets

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the City's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level.

Budgets are adopted for all governmental funds (general, special revenue, and capital projects). The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that increase the total expenditures of any department or fund must be approved by the City Commission. All necessary supplemental appropriations are adopted by the City Commission and are included in the reported budgetary data. The budget presented in the accompanying required supplemental information is prepared in conformity with accounting principles generally accepted in the United States of America.

Cash and Investments

Except where prohibited, cash resources of the individual funds are combined to form a pool of cash and investments. These pooled cash, investments and related accrued investment earnings are reported in the financial statements as "Equity in pooled cash and investments" under the City's "pooling" concept (see Note 2). Investment earnings and losses on the pooled cash and investments are distributed to the appropriate funds based on the average monthly balance of investments in each fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

The proprietary funds use this pool as a demand deposit accounts, and accordingly, all amounts in the pool are considered cash and cash equivalents for the purposes of the statement of cash flows.

Investments are valued at fair market value (see Note 2).

Receivables

Receivables are recorded at their net realizable value.

Inter-Fund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans).

Inventories

Inventories consisting principally of expendable materials, supplies, and fuel are determined by physical count at the City’s year-end on an annual basis and are valued at the lower of cost (first-in, first-out) or market. On the balance sheet - governmental funds, the inventory balance reported is considered non-spendable fund balance, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets. The cost of governmental fund-type inventories is recorded as expenditure when consumed.

Restricted Assets

Certain enterprise fund assets are required to be segregated from other current assets due to various bond indenture agreements and City ordinances. These assets are legally restricted for specific purposes, such as debt service, new construction, and renewals and replacements.

Use of Restricted Funds

When both restricted and unrestricted resources are available for use in the City’s funds, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Improvements Other Than Buildings	10-50
Infrastructure	25-100
Machinery and Equipment	3-40

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and refunding losses are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred with the exception of bond insurance, which is amortized over the term of the related debt.

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

Compensated Absences

Accumulated unpaid vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements.

Deferred Inflows/Outflows of Resources

Deferred inflows of resources reported on applicable governmental fund types represent revenues, which are measurable but not available in accordance with the modified accrual basis of accounting. The deferred inflows will be recognized as revenue in the fiscal year they are earned or become available. Deferred outflows of resources represent consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities.

Unamortized Refunding Loss—the difference between the net reacquisition cost of new debt and the net carrying amount of the old debt is recorded as a deferred outflow of resources. The unamortized refunding loss is recognized as expense over the remaining term of the new debt using the straight-line method.

Pension and OPEB Related—the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension and OPEB liability and the differences between expected and actual earnings on pension plan investments, are reported as deferred inflows or outflows of resources, to be recognized in expense in future years. Contributions made subsequent to the measurement date, but prior to the reporting date, are reported as deferred outflows of resources.

Revenue Recognition

Utility revenues are reported on the accrual basis in the accompanying financial statements. Grant revenues are recorded using the modified accrual basis in governmental funds and the accrual basis in the proprietary funds. Restricted grant revenues, which are received but not expended, are recorded as unearned revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

Property Taxes

The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of the City of Jacksonville, Florida. General property taxes are recorded as received, in cash, which approximates taxes levied less discounts for the current fiscal year.

Taxes are levied on November 1 of each year. All taxes become delinquent on April 1 of the following year. Discounts are allowed for early payment. On or prior to June 1, interest-bearing certificates are sold for all uncollected real property taxes. Unsold certificates are held by the City of Jacksonville, Florida.

Inter-Fund Transactions

During the course of normal operations, the City has various transactions between funds to construct assets and comply with local ordinances and other legal restrictions. These transactions are reflected as transfers. In addition, certain transfers have been made between systems and accounts of the utility enterprise fund as required by bond covenants.

Prior Period Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Future GASB Pronouncement Implementations

The City is currently evaluating the effects that the following GASB Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years:

- **Statement No. 87, "Leases."**

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is currently under review and the City will consider the impact, if any, upon financial reporting.

The effective date for this Statement was originally for those years beginning after June 15, 2020 but this date was extended with the passage of Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The provisions of this statement are now effective for fiscal years beginning after June 15, 2021.

- **Statement 91, "Conduit Debt Obligations"**

This statement will improve financial reporting by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events.

The effective date for this Statement was originally for those years beginning after December 15, 2020 but this date was extended with the passage of Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The provisions of this statement are now effective for fiscal years beginning after December 15, 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

- **Statement 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.”**

This statement increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The provisions of this statement are effective for fiscal years beginning after June 15, 2021.

- **Statement No. 96, “Subscription-Based Information Technology Arrangement.”**

The requirements of this Statement will improve financial reporting by establishing a definition for Subscription-Based Information Technology Arrangement (SBITA)s and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. This statement is currently under review and the City will consider the impact, if any, upon financial reporting.

NOTE 2 – CASH AND INVESTMENTS

The City maintains a cash and investment pool that is designed for use by all funds, except for those monies which are periodically transferred for pension investment purposes. In addition, investments are separately held and individually accounted for where contractual arrangements and bond covenants provide for and require such arrangements.

On September 30, 2021, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was \$10,833,678, and the related bank balance was \$10,974,983. Monies which are placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit are defined as public deposits. All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes Chapter 280, Florida Security for Public Deposits Act (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledged level. The pledging level may range from 25% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution.

Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

The City elected to adopt a written investment policy as authorized under Florida Statutes.

CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 2 – CASH AND INVESTMENTS (cont...)

Under the City’s investment policies, general investments’ activities are authorized to invest in obligations of the U.S. Treasury, demand deposits, U.S. government agency securities, certificates of deposit, U.S. government sponsored enterprises, government and corporate fixed income mutual funds, corporate notes and bonds, and local government investment pools. Pension trust funds can invest in the aforementioned and, additionally, authorized investments include domestic and foreign equity securities, domestic and foreign fixed income securities, and cash equivalent securities.

Following are the investments, credit ratings, and maturities of the City’s governmental and business-type activities on September 30, 2021:

Investment Type	Investment Maturities					Total
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Accrued interest	\$ 59,056	\$ 59,056	\$ -	\$ -	\$ -	59,056
Investment sale receivable	-	-	-	-	-	-
Money market funds / cash	266,274	266,274	-	-	-	266,274
Corporate bonds	5,296,428	797,867	4,498,561	-	-	5,296,428
U.S. Treasury Obligations and Federal Agency Securities	11,734,771	510,181	11,224,590	-	-	11,734,771
Florida PRIME	24,557	24,557	-	-	-	24,557
Total	\$ 17,381,086	\$ 1,657,935	\$ 15,723,151	\$ -	\$ -	\$ 17,381,086

The Florida PRIME component of the cash and investments is an investment in an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Florida PRIME meets all the necessary criteria to report their investments at amortized cost in accordance with GASB Cod. Sec. In5. As of September 30, 2021, there were no redemption fees, maximum transaction amounts or any other requirements that service to limit the City’s access to one hundred percent of their account value. The fair value of the City’s position in the pool in the same as the value of the pool shares.

The City’s fixed income investment balances as of on September 30, 2021, are comprised of the following items:

Investment Type	Moody's Rating	Percentage of Total Fixed Income Investments
Corporate Bonds	Aaa	0.84%
Corporate Bonds	Aa2	0.54%
Corporate Bonds	Aa3	2.12%
Corporate Bonds	A1	2.98%
Corporate Bonds	A2	6.06%
Corporate Bonds	A3	4.29%
Corporate Bonds	Baa1	4.73%
Corporate Bonds	Baa2	3.23%
Corporate Bonds	Baa3	0.39%
Corporate Bonds	BBB-	0.00%
Corporate Bonds	Not Rated	5.91%
U.S. Treasury Obligations and Federal Agency Securities	Aaa	66.00%
U.S. Treasury Obligations and Federal Agency Securities	Not Rated	2.91%
		100.00%

NOTE 2 – CASH AND INVESTMENTS (cont...)

Listed below are the investments, credit ratings and maturities in the City’s pension trust funds on September 30, 2021:

General Employees’ Pension Plan:

Investment Type	Investment Maturities					Total
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Money market funds / cash	\$ 422,892	\$ 422,892	\$ -	\$ -	\$ -	\$ 422,892
Corporate bonds	2,297,838	343,063	1,679,809	274,966	-	2,297,838
U.S. Treasury Obligations and Federal Agency Securities	1,882,155	622,213	691,413	396,872	171,657	1,882,155
Fixed Income Mutual Funds	1,953,136	1,953,136	-	-	-	1,953,136
Total	\$ 6,556,021	\$ 3,341,304	\$ 2,371,222	\$ 671,838	\$ 171,657	\$ 6,556,021

Police Officers Pension Plan:

Investment Type	Investment Maturities					Total
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Money market funds / cash	\$ 222,719	\$ 222,719	\$ -	\$ -	\$ -	\$ 222,719
Corporate bonds	1,345,298	-	986,089	309,398	49,811	1,345,298
U.S. Treasury Obligations and Federal Agency Securities	1,111,148	373,014	403,683	235,070	99,381	1,111,148
Fixed Income Mutual Funds	1,130,296	1,130,296	-	-	-	1,130,296
Total	\$ 3,809,461	\$ 1,726,029	\$ 1,389,772	\$ 544,468	\$ 149,192	\$ 3,809,461

The City’s pension trust fund fixed income investment balances as of September 30, 2021, are comprised of the following items:

General Employees’ Pension Plan:

Investment Type	Moody's Rating	Percentage of Total Fixed Income Investments
Corporate Bonds	Aaa	4.48%
Corporate Bonds	A1	1.93%
Corporate Bonds	A2	5.23%
Corporate Bonds	A3	1.30%
Corporate Bonds	Baa1	2.60%
Corporate Bonds	Baa2	11.66%
Corporate Bonds	Baa3	7.85%
Fixed income mutual funds	Not Rated	36.24%
U.S. Treasury Obligations and Federal Agency Securities	Aaa	26.09%
U.S. Treasury Obligations and Federal Agency Securities	Not Rated	2.62%
		100.00%

NOTE 2 – CASH AND INVESTMENTS (cont...)

Police Officers Pension Plan:

Investment Type	Moody's Rating	Percentage of Total Fixed Income Investments
Corporate Bonds	Aaa	2.05%
Corporate Bonds	Aa2	2.41%
Corporate Bonds	A1	1.98%
Corporate Bonds	A2	5.28%
Corporate Bonds	A3	1.33%
Corporate Bonds	Baa1	2.64%
Corporate Bonds	Baa2	11.71%
Corporate Bonds	Baa3	7.92%
Fixed income mutual funds	Not Rated	35.52%
U.S. Treasury Obligations and Federal Agency Securities	AAA	26.56%
U.S. Treasury Obligations and Federal Agency Securities	Not Rated	2.60%
		100.00%

Credit Risk—It is the City’s Police Officers’ Retirement System Trust Fund’s and the City’s General Employees’ Retirement System Trust Fund’s investment policies to, at a minimum, limit 80% of the total fixed income portfolio to those that are rated investment grade of higher. The Police Officers’ Retirement System Trust Fund’s investment policy defines investment grade as “BBB”, Baa”, or their equivalent.

Also, no more than 10% (at cost) of the fixed income portfolio total value can be invested in the securities of any single corporate issuer. The maximum allocation to International Equities is 25%.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Finance Director may execute a third-party Custodial Safekeeping Agreement with a commercial bank having trust powers or a trust company which is chartered by the United States government or the State of Florida. All securities purchased and/or collateral obtained by the City shall be properly designated as an asset of the City and held in safekeeping by the trust department or trust company, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping, except by an authorized City staff member. The third-party Custodial Safekeeping Agreement shall include letters of authority from the City with details as to responsibilities of parties, notification of security purchases, sales, deliver, repurchase agreements, wire transfers, safekeeping and transaction costs, procedures in case of wire failure or other unforeseen mishaps, including liability of each party.

NOTE 2 – CASH AND INVESTMENTS (concluded)

Fair Value Measurements

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 Inputs—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 Inputs—are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs—are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

The City’s investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value in the hierarchy described above.

The fair value measurements for the City’s investments are as follows on September 30, 2021:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
City Investments:				
Accrued interest	\$ 59,056	\$ 59,056	\$ -	\$ -
Money Markets	290,831	290,831	-	-
Corporate Bonds	5,296,428	-	5,296,428	-
U.S. Treasury Obligations and Federal Agency Securities	11,734,771	-	11,734,771	-
Subtotal - City Investments	17,381,086	349,887	17,031,199	-
General Employees' Pension Plan:				
Money Markets	422,892	422,892	-	-
Corporate Bonds	2,297,838	-	2,297,838	-
U.S. Treasury Obligations and Federal Agency Securities	1,882,155	-	1,882,155	-
Mutual Funds - Fixed Income	1,953,136	1,953,136	-	-
Mutual Funds - Equities	4,081,823	4,081,823	-	-
ETFs	3,096,279	3,096,279	-	-
Equities	12,801,111	12,801,111	-	-
Subtotal - General Employees' Pension Plan	26,535,234	22,355,241	4,179,993	-
Police Officers' Pension Plan:				
Money Markets	222,719	222,719	-	-
Corporate Bonds	1,345,298	-	1,345,298	-
U.S. Treasury Obligations and Federal Agency Securities	1,111,148	-	1,111,148	-
Mutual Funds - Fixed Income	1,130,296	1,130,296	-	-
Mutual Funds - Equities	2,385,404	2,385,404	-	-
ETFs	1,799,992	1,799,992	-	-
Equities	7,444,399	7,444,399	-	-
ICMA Self Directed	177,629	177,629	-	-
Subtotal - Police Officers' Pension Plan	15,616,885	13,160,439	2,456,446	-
Total Investments Measured at Fair Value	\$ 59,533,205	\$ 35,865,567	\$ 23,667,638	\$ -

NOTE 3 – RECEIVABLES

Receivables, net of the allowance for doubtful accounts on September 30, 2021, consist of the following:

Fund	Total Accounts Receivable	Less Allowance for Doubtful Accounts	Accounts Receivable Net
General Fund	\$ 400	\$ -	\$ 400
Utility Fund	1,106,742	(450,021)	656,721
Stormwater Fund	70,225	(15,597)	54,628
Sanitation Fund	144,691	(53,602)	91,089
Total	\$ 1,322,058	\$ (519,220)	\$ 802,838

Included in accounts receivable are \$313,509 of water and sewer revenues earned, but not billed as of September 30, 2021.

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CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	Balance October 1, 2020	Transfers	Increases	Decreases	Balance September 30, 2021
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 11,913,572	\$ -	\$ -	\$ -	\$ 11,913,572
Construction in process	1,067,365	(379,760)	41,046	(172,064)	556,587
Total capital assets, not being depreciated	<u>12,980,937</u>	<u>(379,760)</u>	<u>41,046</u>	<u>(172,064)</u>	<u>12,470,159</u>
Capital assets, being depreciated:					
Buildings	9,547,484	118,500	8,000	-	9,673,984
Intangible assets	525,445	-	-	-	525,445
Improvements other than buildings	42,509,628	261,260	81,440	(869)	42,851,459
Machinery and equipment	6,180,124	-	582,424	-	6,762,548
Total capital assets, being depreciated	<u>58,762,681</u>	<u>379,760</u>	<u>671,864</u>	<u>(869)</u>	<u>59,813,436</u>
Less accumulated depreciation for:					
Buildings	(2,742,543)	-	(176,157)	-	(2,918,700)
Intangible assets	(421,102)	-	(17,658)	-	(438,760)
Improvements other than buildings	(18,380,693)	-	(733,682)	-	(19,114,375)
Machinery and equipment	(4,962,549)	-	(650,419)	-	(5,612,968)
Total accumulated depreciation	<u>(26,506,887)</u>	<u>-</u>	<u>(1,577,916)</u>	<u>-</u>	<u>(28,084,803)</u>
Total capital assets being depreciated, net	<u>32,255,794</u>	<u>379,760</u>	<u>(906,052)</u>	<u>(869)</u>	<u>31,728,633</u>
Governmental activities capital assets, net	<u>\$ 45,236,731</u>	<u>\$ -</u>	<u>\$ (865,006)</u>	<u>\$ (172,933)</u>	<u>\$ 44,198,792</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,656,018	\$ -	\$ -	\$ -	\$ 1,656,018
Construction-in-progress	2,438,799	(1,270,463)	102,071	(569,714)	700,693
Total capital assets, not being depreciated	<u>4,094,817</u>	<u>(1,270,463)</u>	<u>102,071</u>	<u>(569,714)</u>	<u>2,356,711</u>
Capital assets, being depreciated:					
Buildings	4,356,384	-	-	(1,821)	4,354,563
Intangible assets	244,709	-	-	-	244,709
Improvements other than buildings	85,814,288	1,270,463	197,226	-	87,281,977
Machinery and equipment	3,694,039	-	201,459	-	3,895,498
Total capital assets, being depreciated	<u>94,109,420</u>	<u>1,270,463</u>	<u>398,685</u>	<u>(1,821)</u>	<u>95,776,747</u>
Less accumulated depreciation for:					
Buildings	(4,329,211)	-	(6,665)	1,815	(4,334,061)
Intangible assets	(31,424)	-	(190)	-	(31,614)
Improvements other than buildings	(54,523,739)	2,307	(2,243,101)	-	(56,764,533)
Machinery and equipment	(2,667,449)	(2,307)	(337,026)	-	(3,006,782)
Total accumulated depreciation	<u>(61,551,823)</u>	<u>-</u>	<u>(2,586,982)</u>	<u>1,815</u>	<u>(64,136,990)</u>
Total capital assets being depreciated, net	<u>32,557,597</u>	<u>1,270,463</u>	<u>(2,188,297)</u>	<u>(6)</u>	<u>31,639,757</u>
Business-type activities capital assets, net	<u>\$ 36,652,414</u>	<u>\$ -</u>	<u>\$ (2,086,226)</u>	<u>\$ (569,720)</u>	<u>\$ 33,996,468</u>

NOTE 4 – CAPITAL ASSETS (concluded)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$	195,822
Public safety		420,420
Transportation		615,280
Parks and recreation		<u>346,394</u>
Total depreciation expense - governmental activities	\$	<u>1,577,916</u>

Business-type Activities:

Utility	\$	2,005,224
Stormwater		562,879
Sanitation		450
Building Code Enforcement		<u>18,429</u>
Total depreciation expense - business-type activities	\$	<u>2,586,982</u>

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CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the City for the year ended September 30, 2021:

	Balance October 1, 2020	Increases	Decreases	Balance September 30, 2021	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
Capital Improvement Revenue Bond, Series 2018	\$ 1,330,000	\$ -	\$ (75,000)	\$ 1,255,000	\$ 80,000
Total long-term debt	<u>1,330,000</u>	<u>-</u>	<u>(75,000)</u>	<u>1,255,000</u>	<u>80,000</u>
Other liabilities:					
OPEB obligation	270,264	20,934	-	291,198	-
Net pension liability	5,032,577	-	(440,520)	4,592,057	-
Compensated absences	947,015	51,549	-	998,564	210,446
Total other liabilities	<u>6,249,856</u>	<u>72,483</u>	<u>(440,520)</u>	<u>5,881,819</u>	<u>210,446</u>
Total long-term obligations	<u>\$ 7,579,856</u>	<u>\$ 72,483</u>	<u>\$ (515,520)</u>	<u>7,136,819</u>	<u>\$ 290,446</u>
Less amounts due in one year				(290,446)	
Total noncurrent obligations due in more than one year				<u>\$ 6,846,373</u>	
Business-type Activities:					
Long-term debt:					
Utility System Revenue Refunding Bond, Series 2014	\$ 8,070,000	\$ -	\$ (1,265,000)	\$ 6,805,000	\$ 1,300,000
FDEP Loan DW160710	453,158	-	(453,158)	-	-
FDEP Loan WW160700	5,085,871	-	(5,085,871)	-	-
Refunding Bank Loan Series 2021	-	5,193,000	-	5,193,000	437,000
Capital Lease Payable - 2018	138,999	-	(68,143)	70,856	70,856
Total bonds and notes payable	<u>13,748,028</u>	<u>5,193,000</u>	<u>(6,872,172)</u>	<u>12,068,856</u>	<u>1,807,856</u>
Other liabilities:					
OPEB obligation	109,963	8,194	-	118,157	-
Net pension liability	1,666,805	-	(365,383)	1,301,422	-
Compensated absences	314,637	23,371	-	338,008	58,800
Total other liabilities	<u>2,091,405</u>	<u>31,565</u>	<u>(365,383)</u>	<u>1,757,587</u>	<u>58,800</u>
Total long-term liabilities	<u>\$ 15,839,433</u>	<u>\$ 5,224,565</u>	<u>\$ (7,237,555)</u>	<u>13,826,443</u>	<u>\$ 1,866,656</u>
Less amounts due in one year				(1,866,656)	
Net long-term liabilities in excess of one year				<u>\$ 11,959,787</u>	

Notes to the Long-Term Obligations Table:

Long term liabilities, including accumulated compensated absences, OPEB liability and the City's net pension liabilities, are typically liquidated by the individual fund to which the liability is directly associated.

All of the City's long-term debt arose through direct borrowings or direct placements.

Governmental Activities:

- Capital Improvement Revenue Bond, Series 2019 – Payable in annual installment of principal and semiannual installments of interest through October 1, 2033, bearing coupon rates of 3.550%, secured solely by a pledge of non-advallorem revenues.

NOTE 5 – LONG-TERM OBLIGATIONS (cont...)

Notes to the Long-Term Obligations Table:

Business-type Activities

- Utilities System Revenue Refunding Bond, Series 2014, Payable in Annual Installments of Principal and Semiannual Installments of Interest Through October 1, 2025, Bearing Coupon Rates of 2.330%, Secured Solely by a Pledge of and Lien on Net Water and Sewer System Revenues and Certain Other Revenues as Defined in the Bond Ordinance.
- Florida Department of Environmental Protection,(FDEP) disbursements and capitalized interest for a \$773,030 state of Florida revolving loan #DW160710, issued to finance the construction costs to replace a well at water treatment plant no. 1 and a transmission main on Ocean Boulevard, payable in semiannual installments of principal and interest through November 15, 2030, with financing rates of 2.71%, secured solely by a pledge of net water and sewer system revenues, after payment of all yearly payment obligations on account of the senior revenue obligations, as defined in the loan agreement. This loan was fully retired in 2021 with the issuance of the Refunding Bank Loan Series 2021.
- Florida Department of Environmental Protection (FDEP), Disbursements, Service Fee, and Capitalized Interest for a Combined \$9,368,576 State of Florida Revolving Loan #WW160700, Issued to Finance the Construction of Treatment and Transmission Facilities for the Buccaneer WWTP Phase-out Improvements and TMDL Compliance Program WWTP #1, Payable in Semiannual Installments of Principal and Interest Through May 15, 2032, with Financing Rates of 3.14% and 2.88%, Secured Solely by a Pledge of Net Water and Sewer System Revenues, After Payment of all Yearly Payment Obligations on Account of the Senior Revenue Obligations, as Defined in the Loan Agreement. This loan was fully retired in 2021 with the issuance of the Refunding Bank Loan Series 2021.
- Refunding Bank Loan Series 2021 was issued on May 17, 2021 in the amount of \$5,193,000 to refund the FDEP loans #DW160710 and #WW160700. The FDEP loans were originally used for water and wastewater system improvements. The Refunding Bank Loan Series 2021 is payable in semiannual installments of principal and interest through May 15, 2032 with an effective interest rate of 1.69% and is secured solely by a pledge of net water and sewer system revenues, after payment of all yearly payment obligations on account of the senior revenue obligations, as defined in the loan agreement.

The difference between the cash flows required to service the old debts and that required to service the new debt and to complete the refunding resulted in a savings of approximately \$397,800 which equates to an economic gain of approximately \$351,100.

- Capital Lease Payable – 2018 - The City entered into a lease agreement for financing the acquisition of a Vac-Con Vacuum Truck. Lease payments including principal and interest are due each September 1, until 2022 at an interest rate of 3.98%.

The asset acquired through the capital lease are as follows:

	<u>Business-type Activities</u>
Asset:	
Vac-Con vacuum truck	\$ 334,544
Less: accumulated depreciation	<u>(223,029)</u>
Net book value	<u>\$ 111,515</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 70,856	\$ 2,820	\$ 73,676
	<u>\$ 70,856</u>	<u>\$ 2,820</u>	<u>\$ 73,676</u>

NOTE 5 – LONG-TERM OBLIGATIONS (cont...)

Notes to the Long-Term Obligations Table:

The annual requirements to amortize all revenue bonds and loans payable outstanding on September 30, 2021, are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 80,000	\$ 43,133	\$ 1,737,000	\$ 231,805
2023	80,000	40,293	1,777,000	191,403
2024	85,000	37,364	1,815,000	152,464
2025	85,000	34,346	1,851,000	112,696
2026	90,000	31,240	1,895,000	72,058
2027-2031	490,000	105,967	2,451,000	154,554
2032-2036	345,000	18,726	472,000	5,993
Total	\$ 1,255,000	\$ 311,069	\$ 11,998,000	\$ 920,973

Interest and amortization incurred during the year ended September 30, 2021, amounted to \$496,356. Of the amount incurred, no interest was capitalized.

The City is also required to maintain certain debt service coverage ratios in accordance with bond resolutions. As of September 30, 2021, and during the year then ended, the City was in compliance with those ratios.

Pledged Revenue

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2020. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, and the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2021:

Description	Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
2014 - Utility System Refunding Bonds	Utility Net Revenues	2026	\$ 7,208,614	\$ 1,438,294	\$ 4,135,764	
FDEP Loan DW160710	Utility Net Revenues	2031	-	54,425	4,135,764	
FDEP Loan WW160700	Utility Net Revenues	2032	-	511,953	4,135,764	
Refunding Bank Loan, Series 2021	Utility Net Revenues	2032	5,707,539	-	4,135,764	
Total			\$ 12,916,153	\$ 2,004,672	\$ 4,135,764	206.31%

NOTE 5 – LONG-TERM OBLIGATIONS (concluded)

Remedies in the Event of Default

The City's debt obligations all allow for the obligors to take whatever legal actions necessary to collect the amounts due in the event of default.

Conduit Debt

The City has issued Health Facility Revenue and Refunding Bonds to provide financial assistance to private sector entities for the acquisition and construction of health care facilities deemed to be in the public interest. These bonds are secured by the financed property and are payable solely from the payments received on the underlying mortgage loans.

There is no obligation on the part of the City or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2021, there are two series of Health Facility Revenue and Refunding Bonds outstanding, with an aggregate principal amount payable of \$164,305,000.

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NOTE 6 – DEFINED BENEFIT PENSION PLANS

Plan Descriptions

The City maintains two separate single employer defined benefit pension plans, one for police officers and one for general employees, which cover substantially all full-time City employees hired before September 1, 2008. The general employees’ defined benefit plan is closed to new entrants. Full-time general employees hired on or after September 1, 2008, are covered by the defined contribution plan disclosed in Note 7. The pension plans do not issue separate stand-alone financial statements. Combining statements are included below in Note 6 of the notes to financials statements.

General Employees’ Retirement Plan

Plan Description

The General Employees’ Retirement Plan (the Plan) provides retirement, disability, and death benefits to Plan members and their beneficiaries. The City Commission has the authority to establish and amend the benefit provisions of the Plan. The Plan is governed by a Retirement Plan Board appointed by the City Commission and comprised of five members, two of which will be eligible legal residents of the City, two of which will be general employees elected by the majority of general employees who are members of the Plan, and one of which will be elected by the other four members. Plan membership in the General Employees’ Retirement Plan as of September 30, 2021 and 2020, is as follows:

	September 30 2020	September 30 2019
Inactive plan members or beneficiaries currently receiving benefits	80	75
Inactive plan members entitled to but not yet receiving benefits	6	7
Active plan members	23	28
Total	<u>109</u>	<u>110</u>

Plan Benefits

Normal retirement is available upon the attainment of age sixty and the completion of five years of credited service. Early retirement is available with a reduced benefit upon the attainment of age fifty-five and the completion of five years of credited service. For members hired before April 24, 2005, the normal retirement benefit shall equal 2.85% of average final compensation for each year of credited service. For members hired on or after April 24, 2005, the normal retirement benefit shall equal 2.50% of average final compensation for each year of credited service. The Plan includes a deferred retirement option program (DROP) under which members eligible for normal retirement may have their monthly pension benefit credited to an account while continuing to be actively employed for up to five years. As of September 30, 2021, Plan net position included \$424,865 of DROP account balances.

Contributions

The City is required to contribute at an actuarially determined rate (76.02%) of covered payroll for the year ended September 30, 2021. City contributions to the Plan were \$1,248,604 for the year ended September 30, 2021. Plan members are required to contribute 6.0% of their annual covered salary. Contribution requirements are established by City code, which may be amended by the City Commission.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

Measurement Date

The City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2020, one year prior to the reporting date. The City’s Pension Plans do not issue separate financial statements. Therefore, the disclosures required for the Plan as of September 30, 2021, are also included below.

Net Pension Liability

The components of the changes in the net pension liability for the Plan for the year ended September 30, 2021 is shown below.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2020	\$ 24,146,186	\$ 20,497,952	\$ 3,648,234
Changes for the year:			
Service cost	288,450	-	288,450
Interest	1,604,466	-	1,604,466
Difference between actual and expected experience	(44,031)	-	(44,031)
Contributions - City	-	1,362,952	(1,362,952)
Contributions - employee	-	96,921	(96,921)
Net investment income	-	1,138,973	(1,138,973)
Benefit payments, including refunds of employee contributions	(1,329,553)	(1,329,553)	-
Administrative expense	-	(48,109)	48,109
Net changes	519,332	1,221,184	(701,852)
Reporting period ending 9/30/2021	\$ 24,665,518	\$ 21,719,136	\$ 2,946,382

*Note: Plan Net Position per Fiduciary Statement of Net Position on page 54 is different than the Plan Net Position noted above primarily due to reporting differences between the actuarially determined changes in the net pension liability above and the Fiduciary Statement of Net Position. Differences are immaterial.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

The components of the net pension liability (asset) for the Plan as of the September 30, 2021 measurement date were as follows:

Total pension liability	\$ 24,901,187
Plan fiduciary net position	<u>(26,496,836)</u>
Net pension liability (asset)	<u>\$ (1,595,649)</u>
Plan fiduciary net position as a percentage of the total pension liability	106%

For the year ended September 30, 2021, the City recognized total pension expense of \$388,684. The City reported deferred outflows of resources and deferred inflows of resources related to the General Employees’ Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,915	\$ 19,569
Difference between projected and actual earnings on Plan investments	370,171	-
City contributions subsequent to the measurement date	<u>1,248,604</u>	<u>-</u>
Total	<u>\$ 1,620,690</u>	<u>\$ 19,569</u>

Contributions made after the measurement date (shown above) will be recognized as a reduction of net pension liability (or increase in the net pension asset) in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2022	\$ (17,527)
2023	127,738
2024	192,863
2025	<u>49,443</u>
	<u>\$ 352,517</u>

Plan Investments

The Retirement Plan Board is responsible for establishing and amending the Plan’s investment policies. The Plan’s current investment policy gives the Board discretion to allocate assets with assistance of the Plan’s investment consultant. No formal targets are stated in the investment policy although the maximum allocation to international equities is 25%. The money-weighted rate of return on Plan investments, net of investment related expenses, was 23.65% and 6.41% for the years ended September 30, 2021 and 2020, respectively.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

Actuarial Assumptions

The total pension liability was determined by actuarial valuations for the Plan as of October 1, 2019, rolled forward to the measurement date of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Salary Increases:	Age based ranging from 4.80% to 9.50% (including 2.50% price inflation).
Investment Rate of Return:	6.75% per year compounded annually, net of investment expenses.
Mortality:	RP-2000 Combined Healthy Participant Mortality Table for males and females with generational projections from the Year 2000 Projection Scale BB.
Date of Experience Study:	Dated August 9, 2017 for the period October 1, 2009 to September 30, 2016

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense of 0.50% and inflation of 2.50%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plans' investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Net Rate of Return</u>
US Large-Cap Growth Stocks	13%	7.40%
US Large-Cap Value Stocks	12%	7.00%
US Mid-Cap Growth Stocks	3%	8.60%
US Mid-Cap Value Stocks	4%	7.80%
US Mid-Cap Core Stocks	3%	6.90%
US Small-Cap Growth Stocks	5%	9.60%
US Small-Cap Value Stocks	5%	8.60%
International Equities	5%	7.20%
US Investment Grade Bonds	40%	1.80%
Cash (US 90-day T-Bill)	10%	0.20%

Discount Rate

A single discount rate was used to measure the total pension liability. The single discount rate was based on the expected rate of return on Plan investments of 6.75%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate noted below, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for both the measurement date of September 30, 2020 and the financial reporting date of September 30, 2021.

As of September,	Current Discount Rate	1% Decrease	Current Rate	1% Increase
9/30/2020	6.75%	\$ 5,568,387	\$ 2,946,382	\$ 699,271
9/30/2021	6.75%	\$ 948,369	\$ (1,595,649)	\$ (3,783,906)

Police Officers' Retirement Plan

Plan Description

The Police Officers' Retirement Plan (the Police Plan) provides retirement, disability, and death benefits to Police Plan members and their beneficiaries. The Police Plan is governed by the Policemen's Pension Board of Trustees, although the City Commission retains the authority to establish and amend the benefit provisions of the Police Plan. The Policemen's Pension Board of Trustees is appointed by the City Commission and comprised of five members, two of which will be eligible legal residents of the City, two of which will be police officers elected by the majority of police officers who are members of the Police Plan, and one of which will be elected by the other four trustees. Membership in the Police Officers' Retirement Plan as of the September 30, 2020 and 2019 measurement dates, is as follows:

	September 30 2020	September 30 2019
Inactive plan members or beneficiaries currently receiving benefits	22	23
Inactive plan members entitled to but not yet receiving benefits	3	3
Active plan members	24	26
Total	49	52

Plan Benefits

For members hired before January 1, 2013, normal retirement is available upon the attainment of age fifty and the completion of twenty years of credited service, the attainment of age fifty-five and the completion of ten years of credited service, the completion of twenty-five years of credited service regardless of age, or the attainment of age sixty and the completion of five years of credited service. For members hired on or after January 1, 2013, normal retirement is available upon the attainment of age fifty-five and the completion of ten years of credited service or the attainment of age fifty-two and the completion of twenty-five years of credited service. Early retirement is available with a reduced benefit upon the attainment of age fifty and the completion of ten years of credited service.

For members hired before January 1, 2013, the normal retirement benefit shall equal 3.00% of average final compensation for each year of credited service. For members hired on or after January 1, 2013, the normal retirement benefit shall equal 2.00% of average final compensation for each year of credited service. The Police Plan includes a DROP under which members eligible for normal retirement may have their monthly pension benefit credited to an account while continuing to be actively employed for up to five years. As of September 30, 2021, Police Plan net position included \$177,629 of DROP account balances.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

Contributions

The City is required to contribute, at actuarially determined rate (36.07%) of covered payroll for the year ended September 30, 2021. The City may use State contributions to offset this required contribution. City and State contributions to the Police Plan were \$1,144,744 for the year ended September 30, 2021. Police Plan members are required to contribute 8.0% of their annual covered salary. Per City Code, the City Commission may amend established contribution requirements.

Measurement Date

The City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2020, one year prior to the reporting date. The City’s Pension Plans do not issue separate financial statements. Therefore, the disclosures required for the Plan as of September 30, 2021, are also included below.

Net Pension Liability

The components of the changes in the net pension liability for the Police Plan for the year ended September 30, 2021 (September 30, 2020 measurement date) is shown below:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2020	\$ 15,309,524	\$ 12,258,376	\$ 3,051,148
Changes for the year:			
Service cost	369,089	-	369,089
Interest	1,034,146	-	1,034,146
Difference between actual and expected experience	103,400	-	103,400
Contributions - City	-	877,866	(877,866)
Contributions - employee	-	161,166	(161,166)
Net investment income	-	607,277	(607,277)
Benefit payments, including refunds of employee contributions	(715,876)	(715,876)	-
Administrative expense	-	(35,623)	35,623
Net changes	<u>790,759</u>	<u>894,810</u>	<u>(104,051)</u>
Reporting period ending 9/30/2021	<u>\$ 16,100,283</u>	<u>\$ 13,153,186</u>	<u>\$ 2,947,097</u>

*Note: Plan Net Position per Fiduciary Statement of Net Position on page 54 is different than the Plan Net Position noted above primarily due to reporting differences between the actuarially determined changes in the net pension liability above and the Fiduciary Statement of Net Position. Differences are immaterial.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

The components of the net pension liability (asset) for the Police Plan as of the September 30, 2021 measurement date were as follows:

Total pension liability	\$ 16,284,898
Plan fiduciary net position	<u>(16,635,263)</u>
Net pension liability (asset)	<u>\$ (350,365)</u>

Plan fiduciary net position as a percentage of the total pension liability 102%

For the year ended September 30, 2021, the City recognized total pension expense of \$498,414. The City reported deferred outflows of resources and deferred inflows of resources related to the General Employees’ Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,407	\$ 213,699
Change in assumptions	113,745	-
Net difference between projected and actual earnings on Plan investments	335,042	-
City contributions subsequent to the measurement date	<u>1,144,744</u>	<u>-</u>
Total	<u>\$ 1,674,938</u>	<u>\$ 213,699</u>

Contributions made after the measurement date (shown above) will be recognized as a reduction of net pension liability (or increase in the net pension asset) in the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2022	\$ 51,592
2023	68,219
2024	150,738
2025	<u>45,946</u>
	<u>\$ 316,495</u>

Plan Investments

The Policemen’s Pension Board of Trustees is responsible for establishing and amending the Police Plan’s investment policies. The Police Plan’s current investment policy gives the Board discretion to allocate assets with assistance of the Police Plan’s investment consultant. No formal targets are stated in the investment policy although the maximum allocation to international equities is 25%. The money-weighted rate of return on Plan investments, net of investment related expenses, was 23.67% and 6.15% for the years ended September 30, 2021 and 2020, respectively.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

Actuarial Assumptions

The total pension liability was determined by actuarial valuations for the Plan as of September 30, 2018, rolled forward to September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Salary Increases:	Age based ranging from 4.80% to 18.50% (including 2.50% price inflation.
Investment Rate of Return:	6.75% per year compounded annually, net of investment expenses.
Mortality:	RP-2000 Combined Healthy Participant Mortality Table for males and females with generational projections from the Year 2000 Projection Scale BB.
Date of Experience Study:	Dated August 9, 2017 for the period October 1, 2009 to September 30, 2016

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense of 0.50% and inflation of 2.50%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plans' investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Net Rate of Return
US Large-Cap Growth Stocks	13%	7.40%
US Large-Cap Value Stocks	12%	7.00%
US Mid-Cap Growth Stocks	3%	8.60%
US Mid-Cap Value Stocks	4%	7.80%
US Mid-Cap Core Stocks	3%	6.90%
US Small-Cap Growth Stocks	5%	9.60%
US Small-Cap Value Stocks	5%	8.60%
International Equities	5%	7.20%
US Investment Grade Bonds	40%	1.80%
Cash (US 90-day T-Bill)	10%	0.20%

Discount Rate

A single discount rate was used to measure the total pension liability. The single discount rate was based on the expected rate of return on Plan investments of 6.75%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments (6.75%) was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (cont...)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate noted below, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for both the measurement date of September 30, 2020 and the financial reporting date of September 30, 2021.

As of September,	Current Discount Rate	1% Decrease	Current Rate	1% Increase
9/30/2020	6.75%	\$ 4,884,449	\$ 2,947,097	\$ 1,329,735
9/30/2021	6.75%	\$ 1,543,538	\$ (350,365)	\$ (1,942,683)

The Statements of Fiduciary Net Position for the City's pension trust funds for the year ended September 30, 2021 were as follows:

	Pension Trust Funds			
	General Employees' Retirement Plan	Police Officers' Retirement Plan	2021 Totals	2020 Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 866,209	\$ 866,209	\$ 495,614
Due from other governments	-	137,840	137,840	-
Accrued income	24,493	14,329	38,822	32,888
Investments at fair value	26,535,234	15,616,885	42,152,119	34,362,981
Total assets	26,559,727	16,635,263	43,194,990	34,891,483
LIABILITIES				
Accounts payable and accrued liabilities	-	-	-	7,810
Due to City	62,891	-	62,891	-
Total Liabilities	62,891	-	62,891	7,810
NET POSITION				
Restricted for pension benefits	\$ 26,496,836	\$ 16,635,263	\$ 43,132,099	\$ 34,883,673

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NOTE 6 – DEFINED BENEFIT PENSION PLANS (concluded)

The Statements of Changes in Fiduciary Net Position for the City’s pension trust funds for the year ended September 30, 2021 were as follows:

	Pension Trust Funds			
	General Employees' Retirement Plan	Police Officers' Retirement Plan	2021 Totals	2020 Totals
ADDITIONS				
Contributions:				
City	\$ 1,248,604	\$ 870,477	\$ 2,119,081	\$ 2,107,974
Plan members	87,209	168,456	255,665	258,087
State of Florida	-	274,267	274,267	132,844
Total contributions	<u>1,335,813</u>	<u>1,313,200</u>	<u>2,649,013</u>	<u>2,498,905</u>
Investment income	4,992,743	2,955,481	7,948,224	1,876,162
Less investment expenses:	<u>(101,289)</u>	<u>(59,094)</u>	<u>(160,383)</u>	<u>(118,261)</u>
Net investment income	<u>4,891,454</u>	<u>2,896,387</u>	<u>7,787,841</u>	<u>1,757,901</u>
Total additions	<u>6,227,267</u>	<u>4,209,587</u>	<u>10,436,854</u>	<u>4,256,806</u>
DEDUCTIONS				
Administrative expenses	31,283	33,983	65,266	73,887
Payments to retirees and participants	<u>1,429,936</u>	<u>693,226</u>	<u>2,123,162</u>	<u>2,045,429</u>
Total deductions	<u>1,461,219</u>	<u>727,209</u>	<u>2,188,428</u>	<u>2,119,316</u>
CHANGE IN NET POSITION	4,766,048	3,482,378	8,248,426	2,137,490
NET POSITION, beginning of year	<u>21,730,788</u>	<u>13,152,885</u>	<u>34,883,673</u>	<u>32,746,183</u>
NET POSITION, end of year	<u>\$ 26,496,836</u>	<u>\$ 16,635,263</u>	<u>\$ 43,132,099</u>	<u>\$ 34,883,673</u>

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NOTE 7 – DEFINED CONTRIBUTION PLAN

The City passed an ordinance in 2013 closing the General Employees’ defined benefit plan to new entrants and creating the City of Atlantic Beach Defined Contribution Plan. The City’s 457 defined contribution plan is administered through ICMA, which covers all eligible employees employed with the City on or after September 1, 2008, who are not covered by the City’s Police Officers’ defined benefit plan. Under the 457 Plan, the City contributes an employer matching contribution of up to 6% of earnings during the first ten years of service. Following ten years of service, the City contributes an additional fixed contribution of 4% of earnings for a total of 10%. Employees have the option to voluntarily contribute to the 457 Plan. Employer matching contributions from the City were \$125,416 and \$107,404 for the years ended September 30, 2021 and 2020, respectively. Under the 457 Plan, an employee is considered fully vested after 5 years of completed service.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City of Atlantic Beach administers a single employer defined benefit health care plan (the Plan) that provides medical insurance benefits to its employees and their eligible dependents. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees of the City and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this Plan. Benefit provisions for the Plan are established by the City Commission and may be amended by the City Commission. The City does not issue stand-alone financial statements for the Plan.

Membership in the Plan consisted of the following, as of September 30, 2019, the date of the latest actuarial valuation:

	September 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	101
Total	<u>102</u>

Funding Policy

Contribution rates for the Plan are established on an annual basis by the City Commission. Eligible retirees and their covered dependents receiving benefits contribute 100% of the blended (active and retiree combined) equivalent premium rates. While the City does not directly contribute towards the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a blended, group rate constitutes a significant economic benefit to retirees, or an “implicit” subsidy. This implicit subsidy is considered to be another postemployment benefit (OPEB) obligation of the City.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont...)

Actuarial Methods and Assumptions

For the September 30, 2019 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. This method determines a service cost rate as a fixed percentage of compensation for each active participant. The current years' service cost is the participant's compensation multiplied by the service cost rate. Under this method, service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement.

Other actuarial assumptions are as follows:

Discount Rate: 2.41%

Investment Rate of Return: 0.0%

Salary Increases: Rates used in the October 1, 2019 actuarial valuation of the City's pension plans.

Healthcare Cost Trend: Based on Getzen Model, with trend of 1.95% for 2020 and 6.25% for 2021 and gradually decreasing to an ultimate trend rate of 3.99% plus 0.36%.

Mortality: Mortality tables used for Regular and Special Risk Class members in the July 1, 2020 actuarial valuation of the Florida Retirement System. These rates were taken from the adjusted Pub-2010 mortality tables published by the Society of Actuaries with generational improvements using scale MP-2018. The adjustments to the reference tables are based on the results of a statewide experience study covering the period 2013 through 2018.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.41% as of September 30, 2020, which is equal to the single rate of return developed pursuant to GASB 75. The discount rate used to determine the liabilities under GASB 75 depends on the City's funding policy. Since the City does not prefund benefits, the discount rate required to be used is based on the Fidelity 20-Year Municipal General Obligation AA Index. This index includes only federally tax-exempt municipal bonds and the yield curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.

Annual OPEB Cost and Net OPEB Obligation

The City's total OPEB liability was measured as of September 30, 2020 and was determined by an actuarial valuation as of September 30, 2019. Changes in the Total OPEB liability were as follows:

	Total OPEB Liability
Reporting period ending September 30, 2020	\$ 380,227
Changes for the year:	
Service cost	55,135
Interest	11,812
Changes of assumptions	(26,153)
Benefit payments	(11,666)
Net changes	<u>29,128</u>
Reporting period ending September 30, 2021	<u>\$ 409,355</u>

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont...)

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

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

	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 458,439	\$ 409,355	\$ 366,880

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates.

The following presents the total OPEB liability for the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 340,877	\$ 409,355	\$ 497,505

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$43,593. On September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 59,086	\$ 45,066
Differences between expected and actual experience	-	153,966
City contributions subsequent to the measurement date	<u>7,902</u>	<u>-</u>
Total	<u>\$ 66,988</u>	<u>\$ 199,032</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$7,902 resulting from estimated benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2022	\$ (23,354)
2023	(23,354)
2024	(23,354)
2025	(23,351)
2026	(20,693)
Thereafter	<u>(25,840)</u>
Total	<u>\$ (139,946)</u>

NOTE 9 – INTERFUND ACCOUNTS

Individual fund inter-fund receivables and payables on September 30, 2021, consist of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 488,329	\$ -
Community Development Block Grants Fund	-	214,453
Local Option Gas Tax Fund		201,876
Police Grants Fund	-	8,083
Capital Projects Fund	-	44,067
Debt Service Fund	-	19,850
	<u>\$ 488,329</u>	<u>\$ 488,329</u>

Inter-fund receivable/payables are due to timing differences or due to deficit positions in the City’s pooled cash and investments. The receivable/payables are expected to be received/paid within one year.

NOTE 10 – INTERFUND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds. Following is a summary of inter-fund transfers for the year ended September 30, 2021:

	<u>Transfer In:</u>				
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Transfers Out:					
Utility Fund	\$ 925,670	\$ 100,000	\$ -	\$ -	\$ 1,025,670
Local Option Gas Tax Fund	212,844	325,000	-	-	537,844
Sanitation Fund	339,584	-	-	-	339,584
Community Development Block Grant Fund	-	16,667	-	-	16,667
Stormwater Fund	-	400,000	-	-	400,000
Convention Development Tax Fund	-	-	120,884	-	120,884
Half-cent Sales Tax Fund	-	255,000	-	285,000	540,000
Total	<u>\$ 1,478,098</u>	<u>\$ 1,096,667</u>	<u>\$ 120,884</u>	<u>\$ 285,000</u>	<u>\$ 2,980,649</u>

Transfers are used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

NOTE 11 – COMMITMENTS

On June 2, 1999, the City entered into an agreement with the City of Jacksonville, Florida, whereas the City of Jacksonville will provide advanced life support and fire services to the residents and businesses located in the City. The term of the agreement shall be from the effective date and continuing for a period of 25 years unless terminated earlier by the parties (such parties must provide a one-year notice). For the year ended September 30, 2021, the City incurred \$1,273,524 in services under this agreement. The amount will be adjusted annually by an amount equal to 103% of the previous year's amount for all services provided by the City of Jacksonville.

NOTE 12 - CONTINGENCIES

The City is a defendant in several lawsuits which arose in the ordinary course of the City's business. To the extent the outcome of such litigation has been determined to result in probable loss to the City, an estimated loss has been accrued in the accompanying financial statements. The outcome of the remaining claims cannot be determined at this time.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Insurance against losses is provided through the Public Risk Insurance Agency and LB Bryan and Company for the following types of risk:

- Workers' Compensation and Employer's Liability
- Automobile Liability
- Automobile Physical Damage
- Accidental Death and Dismemberment
- General Liability
- Public Officials' Liability
- Property Coverage

The City's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City's experience for this type of risk.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis) see Note A	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,450,028	\$ 6,450,028	\$ 6,341,798	\$ (108,230)
Non-property taxes	1,118,157	1,118,157	1,278,490	160,333
Licenses and permits	854,039	854,039	789,254	(64,785)
Intergovernmental revenue	2,103,188	2,167,429	2,455,036	287,607
Charges for services	849,858	849,858	963,957	114,099
Fines and forfeitures	54,681	54,681	57,838	3,157
Investment earnings (loss)	180,000	180,000	(17,504)	(197,504)
Miscellaneous revenues	9,525	9,525	(65,373)	(74,898)
Interfund charges	1,799,638	1,799,638	1,785,341	(14,297)
Total revenues	<u>13,419,114</u>	<u>13,483,355</u>	<u>13,588,837</u>	<u>105,482</u>
EXPENDITURES				
City Administration:				
City Commission	51,707	51,707	46,206	5,501
City Clerk	403,109	403,109	318,141	84,968
City Attorney	150,000	150,442	150,442	-
City Manager	437,442	437,442	418,472	18,970
Human resources	244,578	244,578	355,771	(111,193)
Information technology	820,890	820,890	675,785	145,105
Finance	1,144,787	1,174,338	1,177,590	(3,252)
Total City administration	<u>3,252,513</u>	<u>3,282,506</u>	<u>3,142,407</u>	<u>140,099</u>
Planning and zoning	<u>406,194</u>	<u>406,194</u>	<u>368,974</u>	<u>37,220</u>
General government	<u>911,777</u>	<u>881,784</u>	<u>730,001</u>	<u>151,783</u>
Public safety:				
Police	5,564,236	5,628,477	5,331,087	297,390
Animal control	117,896	117,896	112,491	5,405
Fire control	1,705,156	1,705,156	1,556,551	148,605
Code enforcement	94,536	94,536	79,165	15,371
Total public safety	<u>7,481,824</u>	<u>7,546,065</u>	<u>7,079,294</u>	<u>466,771</u>

Continued...

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) see Note A	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Administration and streets	1,740,237	1,695,091	1,269,097	425,994
Fleet maintenance	341,138	341,138	268,379	72,759
Total public works	<u>2,081,375</u>	<u>2,036,229</u>	<u>1,537,476</u>	<u>498,753</u>
Parks and recreation				
Recreation and special events	546,001	546,001	441,343	104,658
Parks maintenance	957,503	1,094,146	769,899	324,247
Total parks and recreation	<u>1,503,504</u>	<u>1,640,147</u>	<u>1,211,242</u>	<u>428,905</u>
Total expenditures	<u>15,637,187</u>	<u>15,792,925</u>	<u>14,069,394</u>	<u>1,723,531</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,218,073)</u>	<u>(2,309,570)</u>	<u>(480,557)</u>	<u>1,829,013</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Transfers in	1,386,373	1,478,098	1,478,098	-
Sale of general capital assets	25,000	25,000	13,231	(11,769)
Total other financing sources (uses)	<u>1,411,373</u>	<u>1,503,098</u>	<u>1,491,329</u>	<u>(11,769)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (806,700)</u>	<u>\$ (806,472)</u>	<u>\$ 1,010,772</u>	<u>\$ 1,817,244</u>

CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

Sources/inflows of resources

Total revenue from the budgetary comparison schedule	\$ 13,588,837
Differences - budget to GAAP:	
For GAAP, General Fund inter-fund charges are reported as a reduction in the applicable expenditure function rather than revenues.	(1,785,341) (*)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances (page 16)	\$ 11,803,496

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the Total expenditures from the budgetary comparison schedule	\$ 14,069,394
Differences - budget to GAAP:	
For GAAP, General Fund inter-fund charges are reported as a reduction in the applicable expenditure function rather than revenues.	(1,785,341) (*)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances (page 16)	\$ 12,284,053

(*) - Interfund charges by Division

City Manager	\$ 172,309
Finance	818,959
Public Works Admin	356,604
Fleet and Equipment Maintenance	79,773
Human Resources	60,264
Information Technology	177,684
Facility Maintenance	119,748
	\$ 1,785,341

Note A - Budgets and Budgetary Accounting

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the City's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. Encumbrances are recorded. Unexpended items which are unencumbered at year-end must be re-appropriated in the subsequent year.

Budgets are adopted for all governmental funds (general, special revenue, and capital projects funds). The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that increase the total expenditures of any department or fund must be approved by the City Commission. All necessary supplemental appropriations are adopted by the City Commission and are included in the reported budgetary data. The budget presented in the accompanying required supplemental information is prepared in conformity with accounting principles generally accepted in the United States of America.

CITY OF ATLANTIC BEACH, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION PLAN

City reporting period date	9/30/2022	9/30/2021	9/29/2020	9/30/2019
Measurement date	9/30/2021	9/29/2020	9/30/2019	9/30/2018
Total pension liability				
Service cost	\$ 244,995	\$ 288,450	\$ 332,673	\$ 345,019
Interest	1,633,199	1,604,466	1,566,226	1,574,193
Change in assumptions	(420,148)	-	-	695,507
Difference between expected and actual experience	207,558	(44,031)	40,197	(473,189)
Benefit payments, including refunds of employee contributions	(1,429,935)	(1,329,553)	(1,327,161)	(1,501,456)
Employee buy-back	-	-	-	-
Net change in total pension liability	235,669	519,332	611,935	640,074
Total pension liability, beginning	<u>24,665,518</u>	<u>24,146,186</u>	<u>23,534,251</u>	<u>22,894,177</u>
Total pension liability, ending (a)	<u>\$ 24,901,187</u>	<u>\$ 24,665,518</u>	<u>\$ 24,146,186</u>	<u>\$ 23,534,251</u>
Plan fiduciary net position				
Contributions - City	\$ 1,248,604	\$ 1,362,952	\$ 1,424,479	\$ 1,332,119
Contributions - Employee	87,209	96,921	107,745	117,536
Net investment income (loss)	4,891,453	1,138,973	619,176	1,554,225
Benefit payments, including refunds of employee contributions	(1,429,935)	(1,329,553)	(1,327,161)	(1,501,456)
Administrative expenses	(19,631)	(48,109)	(40,584)	(31,261)
Net change in plan fiduciary net position	4,777,700	1,221,184	783,655	1,471,163
Plan fiduciary net position, beginning	<u>21,719,136</u>	<u>20,497,952</u>	<u>19,714,297</u>	<u>18,243,134</u>
Plan fiduciary net position, ending (b)	<u>\$ 26,496,836</u>	<u>\$ 21,719,136</u>	<u>\$ 20,497,952</u>	<u>\$ 19,714,297</u>
Net pension liability (asset) (a)-(b)	<u>\$ (1,595,649)</u>	<u>\$ 2,946,382</u>	<u>\$ 3,648,234</u>	<u>\$ 3,819,954</u>
Plan fiduciary net position as a percentage of total pension liability	106.41%	88.05%	84.89%	83.77%
Covered payroll	\$ 1,453,483	\$ 1,615,350	\$ 1,795,750	\$ 1,958,933
Net pension liability (asset) as a percentage of covered payroll	-109.78%	182.40%	203.16%	195.00%

Continued...

CITY OF ATLANTIC BEACH, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES' PENSION PLAN

City reporting period date	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability				
Service cost	\$ 346,460	\$ 348,604	\$ 402,093	\$ 399,576
Interest	1,485,239	1,437,296	1,404,316	1,386,245
Change in assumptions	559,117	-	-	1,814,460
Difference between expected and actual experience	291,669	164,601	(162,280)	-
Benefit payments, including refunds of employee contributions	(1,319,107)	(1,207,804)	(1,031,191)	(707,218)
Employee buy-back	-	-	-	-
Net change in total pension liability	1,363,378	742,697	612,938	2,893,063
Total pension liability, beginning	<u>21,530,799</u>	<u>20,788,102</u>	<u>20,175,164</u>	<u>17,282,101</u>
Total pension liability, ending (a)	<u>\$ 22,894,177</u>	<u>\$ 21,530,799</u>	<u>\$ 20,788,102</u>	<u>\$ 20,175,164</u>
Plan fiduciary net position				
Contributions - City	\$ 1,175,572	1,112,344	\$ 863,613	\$ 950,980
Contributions - Employee	124,024	128,204	136,191	157,383
Net investment income (loss)	1,792,192	1,515,746	162,326	778,981
Benefit payments, including refunds of employee contributions	(1,319,107)	(1,207,804)	(1,031,191)	(707,218)
Administrative expenses	(53,880)	(32,495)	(41,909)	(31,529)
Net change in plan fiduciary net position	1,718,801	1,515,995	89,030	1,148,597
Plan fiduciary net position, beginning	<u>16,524,333</u>	<u>15,008,338</u>	<u>14,919,308</u>	<u>13,770,711</u>
Plan fiduciary net position, ending (b)	<u>\$ 18,243,134</u>	<u>\$ 16,524,333</u>	<u>\$ 15,008,338</u>	<u>\$ 14,919,308</u>
Net pension liability (asset) (a)-(b)	<u>\$ 4,651,043</u>	<u>\$ 5,006,466</u>	<u>\$ 5,779,764</u>	<u>\$ 5,255,856</u>
Plan fiduciary net position as a percentage of total pension liability	79.68%	76.75%	72.20%	73.95%
Covered payroll	\$ 2,067,067	\$ 2,136,733	\$ 2,269,850	\$ 2,623,050
Net pension liability as a percentage of covered payroll	225.01%	234.30%	254.63%	200.37%

Additional years will be added to this schedule annually until 10 years' data is presented.

Change of Assumptions:

For measurement date September 30, 2021:

- Reflects updated mortality tables to those used by Florida Retirement System (FRS) as mandated by Section 112.63(1)(f), Florida Statutes.

For measurement date September 30, 2018:

- The assumed investment return assumption was reduced from 7.00% to 6.75%.
- The assumed rates of salary increase, retirement and withdrawal were revised based on a 7-year experience study performed for the Plan.

CITY OF ATLANTIC BEACH, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION PLAN

City reporting period date	9/30/2022	9/30/2021	9/29/2020	9/30/2019
Measurement date	9/30/2021	9/29/2020	9/30/2019	9/30/2018
Total pension liability				
Service cost	\$ 396,817	\$ 369,089	\$ 332,419	\$ 329,254
Interest	1,090,158	1,034,146	1,026,422	1,016,983
Change in excess State money	-	-	-	(120,454)
Difference between expected and actual experience	(130,811)	103,400	(351,261)	(209,232)
Change of assumptions	(478,322)	-	-	454,983
Benefit payments, including refunds of employee contributions	(693,227)	(715,876)	(1,143,778)	(690,688)
Net change in total pension liability	184,615	790,759	(136,198)	780,846
Total pension liability, beginning	<u>16,100,283</u>	<u>15,309,524</u>	<u>15,445,722</u>	<u>14,664,876</u>
Total pension liability, ending (a)	<u>\$ 16,284,898</u>	<u>\$ 16,100,283</u>	<u>\$ 15,309,524</u>	<u>\$ 15,445,722</u>
Plan fiduciary net position				
Contributions - City	\$ 870,477	\$ 745,022	\$ 826,705	\$ 854,780
Contributions - State of Florida	274,267	132,844	-	236,772
Contributions - Employee	168,456	161,166	142,024	131,498
Net investment income (loss)	2,896,388	607,277	307,543	853,894
Benefit payments, including refunds of employee contributions	(693,227)	(715,876)	(1,143,777)	(690,688)
Administrative expenses	(34,284)	(35,623)	(38,763)	(25,152)
Other	-	-	-	-
Net change in plan fiduciary net position	3,482,077	894,810	93,732	1,361,104
Plan fiduciary net position, beginning	<u>13,153,186</u>	<u>12,258,376</u>	<u>12,164,644</u>	<u>10,803,540</u>
Plan fiduciary net position, ending (b)	<u>\$ 16,635,263</u>	<u>\$ 13,153,186</u>	<u>\$ 12,258,376</u>	<u>\$ 12,164,644</u>
Net pension liability (asset) (a)-(b)	<u>\$ (350,365)</u>	<u>\$ 2,947,097</u>	<u>\$ 3,051,148</u>	<u>\$ 3,281,078</u>
Plan fiduciary net position as a percentage of total pension liability	102.15%	81.70%	80.07%	78.76%
Covered payroll	\$ 2,105,700	\$ 2,014,575	\$ 1,775,300	\$ 1,643,725
Net pension liability (asset) as a percentage of covered payroll	-16.64%	146.29%	171.87%	199.61%

Continued...

CITY OF ATLANTIC BEACH, FLORIDA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS' PENSION PLAN

City reporting period date	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability				
Service cost	\$ 335,185	\$ 279,863	\$ 291,761	\$ 269,182
Interest	970,877	931,370	900,982	879,486
Change in excess State money	-	-	120,454	-
Difference between expected and actual experience	187,216	(2,998)	(213,426)	-
Change of assumptions	(40,955)	-	-	1,275,669
Benefit payments, including refunds of employee contributions	(643,872)	(754,465)	(553,042)	(585,616)
Net change in total pension liability	808,451	453,770	546,729	1,838,721
Total pension liability, beginning	<u>13,856,425</u>	<u>13,402,655</u>	<u>12,855,926</u>	<u>11,017,205</u>
Total pension liability, ending (a)	<u>\$ 14,664,876</u>	<u>\$ 13,856,425</u>	<u>\$ 13,402,655</u>	<u>\$ 12,855,926</u>
Plan fiduciary net position				
Contributions - City	\$ 945,540	\$ 729,483	\$ 574,014	\$ 563,203
Contributions - State of Florida	-	112,972	103,528	96,217
Contributions - Employee	129,552	117,274	112,354	103,095
Net investment income (loss)	950,447	804,901	43,534	642,480
Benefit payments, including refunds of employee contributions	(643,872)	(754,465)	(553,042)	(585,616)
Administrative expenses	(51,481)	(29,933)	(35,984)	(22,742)
Other (change in excess State money)	-	-	120,454	-
Net change in plan fiduciary net position	1,330,186	980,232	364,858	796,637
Plan fiduciary net position, beginning	<u>9,473,354</u>	<u>8,493,122</u>	<u>8,128,264</u>	<u>7,331,627</u>
Plan fiduciary net position, ending (b)	<u>\$ 10,803,540</u>	<u>\$ 9,473,354</u>	<u>\$ 8,493,122</u>	<u>\$ 8,128,264</u>
Net pension liability (asset) (a)-(b)	<u>\$ 3,861,336</u>	<u>\$ 4,383,071</u>	<u>\$ 4,909,533</u>	<u>\$ 4,727,662</u>
Plan fiduciary net position as a percentage of total pension liability	73.67%	68.37%	63.37%	63.23%
Covered payroll	\$ 1,619,400	\$ 1,465,925	\$ 1,404,425	\$ 1,472,786
Net pension liability as a percentage of covered payroll	238.44%	299.00%	349.58%	321.00%

Additional years will be added to this schedule annually until 10 years' data is presented.

Change of Assumptions:

For measurement date September 30, 2021:

- Reflects updated mortality tables to those used by Florida Retirement System (FRS) as mandated by Section 112.63(1)(f), Florida Statutes.

For measurement date September 30, 2018:

- The assumed investment return assumption was reduced from 7.00% to 6.75%.
- The assumed rates of salary increase, retirement and withdrawal were revised based on a 7-year experience study performed for the Plan.

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF CONTRIBUTIONS – ALL PENSION PLANS

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
General Employees' Plan					
2021	\$ 1,248,604	\$ 1,248,604	\$ -	\$ 1,453,483	85.90%
2020	\$ 1,355,973	\$ 1,362,952	\$ 6,979	\$ 1,615,350	84.38%
2019	\$ 1,424,479	\$ 1,424,479	\$ -	\$ 1,795,750	79.33%
2018	\$ 1,332,118	\$ 1,332,119	\$ 1	\$ 1,958,933	68.00%
2017	\$ 1,175,572	\$ 1,175,572	\$ -	\$ 2,067,067	56.87%
2016	\$ 1,112,344	\$ 1,112,344	\$ -	\$ 2,136,733	52.06%
2015	\$ 863,613	\$ 863,613	\$ -	\$ 2,269,850	38.05%
2014	\$ 950,980	\$ 950,980	\$ -	\$ 2,623,050	36.25%
Police Officers' Plan					
2021	\$ 668,499	\$ 1,144,744	\$ 476,245	\$ 2,105,700	54.36%
2020	\$ 668,090	\$ 877,866	\$ 209,776	\$ 2,014,575	43.58%
2019	\$ 826,705	\$ 826,705	\$ -	\$ 1,775,300	46.57%
2018	\$ 841,726	\$ 1,091,552	\$ 249,826	\$ 1,643,725	66.41%
2017	\$ 849,061	\$ 945,540	\$ 96,479	\$ 1,619,400	58.39%
2016	\$ 825,700	\$ 842,455	\$ 16,755	\$ 1,465,925	57.47%
2015	\$ 665,091	\$ 677,542	\$ 12,451	\$ 1,404,425	48.24%
2014	\$ 654,280	\$ 659,420	\$ 5,140	\$ 1,472,786	44.77%

Additional years will be added to this schedule annually until 10 years; data is presented.

CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO THE SCHEDULE OF CONTRIBUTIONS – ALL PENSION PLANS

Significant methods and assumptions used in calculating the actuarially determined contributions:

The following pertain to both City's defined benefit pension plans unless separately stated.

- **Valuation Date:** October 1, 2019. Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are required.
- **Actuarial Cost Method:** Entry Age Normal Cost Method
- **Amortization Method:**
 - *General Employees' Plan* – Closed, Level Dollar Method
 - *Police Officers' Plan* - Closed, Level % of Pay Method
- **Remaining Amortization Period:**
 - *General Employees' Plan* – 10 Years.
 - *Police Officers' Plan* - 28 years.
- **Asset Valuation Method:** 4-year smoothed market value where the difference between the expected and actual return on market value of assets is phased in over a period of four years at a rate of 25% per year.
- **Inflation:**2.50%
- **Salary Increases:**
 - *General Employees Plan* – Age Based ranging from 4.8% to 9.5% (including 2.5% price inflation).
 - *Police Officers' Plan* – Age Based ranging from 4.5% to 18.5% (including 2.5% price inflation).
- **Payroll Growth:**
 - *General Employees Plan* – None
 - *Police Officers' Plan* – 3.50%
- **Investment Rate of Return:** 6.75% per year compounded annually, net of investment expenses, including inflation.
- **Retirement Age:** Experience-based table of rates (from Experience Study dated August 9, 2017 for the period October 1, 2009 to September 30, 2016) that vary by age.
- **Mortality:**RP-2000 Combined Healthy Participant Mortality Table (for preretirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.
 - *General Employees' Plan* – For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment and for females, the base mortality rates include a 100% white collar adjustment.
 - *Police Officers' Plan* - For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment and for females, the base mortality rates include a 100% white collar adjustment.

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF INVESTMENT RETURNS – ALL PENSION PLANS

	Year Ended September 30,						
	2020	2020	2019	2018	2017	2016	2015
General Employees' Plan							
Annual money-weighted rate of return net of investment expenses	23.65%	6.41%	4.04%	8.67%	10.92%	10.18%	1.10%
Police Officers' Plan							
Annual money-weighted rate of return net of investment expenses	23.67%	6.15%	4.38%	8.26%	10.80%	9.93%	0.53%

Additional years will be added to this schedule annually until 10 years; data is presented.

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Reporting date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability				
Service cost	\$ 55,135	\$ 38,095	\$ 39,404	\$ 41,222
Interest	11,812	19,049	16,906	14,667
Difference between expected and actual experience	-	(203,632)	-	-
Changes in assumptions	(26,153)	78,146	(18,238)	(21,261)
Benefit payments	(11,666)	(21,386)	(23,456)	(22,404)
Net change in total OPEB Liability	29,128	(89,728)	14,616	12,224
Total OPEB Liability - beginning	380,227	469,955	455,339	443,115
Total OPEB Liability - ending	<u>\$ 409,355</u>	<u>\$ 380,227</u>	<u>\$ 469,955</u>	<u>\$ 455,339</u>
Covered-employee payroll	\$ 7,602,334	\$ 5,196,501	\$ 6,647,363	\$ 6,272,956
Total OPEB liability as a percentage of covered-employee payroll	5.38%	7.32%	7.07%	7.26%

Notes to Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Changes in Assumptions:

Changes in assumptions reflect the effects of changes in the discount rate of each period. The following are the discount rates used for each measurement date.

Measurement Date	Discount Rate
September 30, 2020	2.41%
September 30, 2019	2.75%
September 30, 2018	3.83%
September 30, 2017	3.50%
September 30, 2016	3.10%

Additional changes in assumptions for the following measurement dates:

- September 30, 2019
 - Per capita costs and premiums were updated based on information provided.
 - Assumed ultimate rate of inflation was revised from 2.5% to 2.25% and the healthcare cost trend assumption was revised to reflect this change.

Additional years will be added to this schedule annually until 10 years; data is presented.

SUPPLEMENTARY INFORMATION

CITY OF ATLANTIC BEACH, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021						
	Special Revenue Funds						
	Tree Replacement	Local Option Gas Tax	Convention Development Tax	Half-Cent Sales Tax	Court Cost Training	Parking Facilities	Radio Communication
ASSETS							
Equity in pooled cash and investments	\$ 116,072	\$ -	\$ 157,855	\$ 1,375,319	\$ 10,327	\$ 107,771	\$ 112,769
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables, net							
Customer accounts, net	-	-	-	-	-	-	-
Intergovernmental and other	-	80,468	38,420	187,875	230	11,647	1,576
Prepaid expenditures	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 116,072</u>	<u>\$ 80,468</u>	<u>\$ 196,275</u>	<u>\$ 1,563,194</u>	<u>\$ 10,557</u>	<u>\$ 119,418</u>	<u>\$ 114,345</u>
LIABILITIES							
Accounts payable and accrued liabilities	-	-	-	6,995	-	-	-
Construction costs payable	-	-	-	4,212	-	-	-
Due to other funds	-	201,876	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>201,876</u>	<u>-</u>	<u>11,207</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Nonspendable:							
Prepays	-	-	-	-	-	-	-
Restricted for:							
Public safety	-	-	-	-	10,557	-	114,345
Road maintenance and construction	-	-	-	1,551,987	-	-	-
Other capital projects	-	-	-	-	-	-	-
Other purposes	-	-	196,275	-	-	119,418	-
Committed to:							
Conservation and resource management	116,072	-	-	-	-	-	-
Unassigned	-	(121,408)	-	-	-	-	-
TOTAL FUND BALANCES	<u>116,072</u>	<u>(121,408)</u>	<u>196,275</u>	<u>1,551,987</u>	<u>10,557</u>	<u>119,418</u>	<u>114,345</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 116,072</u>	<u>\$ 80,468</u>	<u>\$ 196,275</u>	<u>\$ 1,563,194</u>	<u>\$ 10,557</u>	<u>\$ 119,418</u>	<u>\$ 114,345</u>

Continued...

CITY OF ATLANTIC BEACH, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (CONCLUDED)
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021						2020 Totals	
	Special Revenue Funds			Total Special Revenue Funds	Debt Service	Capital Projects		Totals Non-Major Governmental Funds
	Contraband Revenue	Community Development Block Grants	Police Grants					
ASSETS								
Equity in pooled cash and investments	\$ 8,304	\$ -	\$ 8,728	\$ 1,897,145	\$ -	\$ 2,428,634	\$ 4,325,779	\$ 2,312,277
Cash with fiscal agent	-	-	-	-	-	-	-	94,850
Receivables, net								
Customer accounts, net	-	-	-	-	-	-	-	115,512
Intergovernmental and other	-	100	1,548	321,864	-	-	321,864	239,328
Prepaid expenditures	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 8,304	\$ 100	\$ 10,276	\$ 2,219,009	\$ -	\$ 2,428,634	\$ 4,647,643	\$ 2,761,967
LIABILITIES								
Accounts payable and accrued liabilities	-	-	-	6,995	-	3,734	10,729	217,785
Construction costs payable	-	3,134	-	7,346	-	-	7,346	16,666
Due to other funds	-	214,453	8,083	424,412	19,850	44,067	488,329	283,396
Deposits	1,765	-	-	1,765	-	-	1,765	2,766
TOTAL LIABILITIES	1,765	217,587	8,083	440,518	19,850	47,801	508,169	520,613
FUND BALANCE								
Nonspendable:								
Prepays	-	-	-	-	-	-	-	-
Restricted for:								
Public safety	6,539	-	2,193	133,634	-	-	133,634	299,845
Road maintenance and construction	-	-	-	1,551,987	-	2,123,644	3,675,631	1,318,572
Other capital projects	-	-	-	-	-	257,189	257,189	257,689
Other purposes	-	-	-	315,693	-	-	315,693	308,383
Committed to:								
Conservation and resource management	-	-	-	116,072	-	-	116,072	77,940
Unassigned	-	(217,487)	-	(338,895)	(19,850)	-	(358,745)	(21,075)
TOTAL FUND BALANCES	6,539	(217,487)	2,193	1,778,491	(19,850)	2,380,833	4,139,474	2,241,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 8,304	\$ 100	\$ 10,276	\$ 2,219,009	\$ -	\$ 2,428,634	\$ 4,647,643	\$ 2,761,967

CITY OF ATLANTIC BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021						
	Special Revenue Funds						
	Tree Replacement	Local Option Gas Tax	Convention Development Tax	Half-Cent Sales Tax	Court Cost Training	Parking Facilities	Radio Communication
REVENUES:							
Non-property taxes	\$ -	\$ 463,472	\$ 158,290	\$ 1,039,813	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	66,595	-
Fines and forfeitures	-	-	-	-	3,742	-	21,702
Investment earnings (loss)	-	92	(370)	(4,332)	45	-	(277)
Miscellaneous revenues	40,890	-	-	-	-	-	-
Total revenues	40,890	463,564	157,920	1,035,481	3,787	66,595	21,425
EXPENDITURES:							
General government	2,550	-	-	-	-	-	-
Public safety	-	-	-	-	17,244	-	-
Transportation	-	-	-	341,160	-	-	-
Culture/recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	209,773	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	2,550	-	-	550,933	17,244	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38,340	463,564	157,920	484,548	(13,457)	66,595	21,425
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	(537,844)	(120,884)	(540,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(537,844)	(120,884)	(540,000)	-	-	-
NET CHANGE IN FUND BALANCE	38,340	(74,280)	37,036	(55,452)	(13,457)	66,595	21,425
FUND BALANCE, beginning of year	77,732	(47,128)	159,239	1,607,439	24,014	52,823	92,920
FUND BALANCE, end of year	\$ 116,072	\$ (121,408)	\$ 196,275	\$ 1,551,987	\$ 10,557	\$ 119,418	\$ 114,345

Continued...

CITY OF ATLANTIC BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS (CONCLUDED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2021						Totals Non-Major Governmental Funds	2020 Totals
	Special Revenue Funds			Total Special Revenue Funds	Debt Service	Capital Projects		
	Contraband Revenue	Community Development Block Grants	Police Grants					
REVENUES:								
Non-property taxes	\$ -	\$ -	\$ -	\$ 1,661,575	\$ -	\$ -	\$ 1,661,575	\$ 1,458,320
Charges for services	-	-	-	66,595	-	-	66,595	52,823
Fines and forfeitures	7,534	-	-	32,978	-	-	32,978	20,766
Investment earnings (loss)	(18)	-	-	(4,860)	-	(12,394)	(17,254)	49,390
Miscellaneous revenues	-	-	-	40,890	-	-	40,890	22,506
Total revenues	7,516	-	-	1,797,178	-	(12,394)	1,784,784	1,603,805
EXPENDITURES:								
General government	-	-	-	2,550	-	-	2,550	22,714
Public safety	-	-	-	17,244	-	-	17,244	41,986
Transportation	-	-	-	341,160	-	-	341,160	-
Culture/recreation	-	-	-	-	-	-	-	265
Capital outlay	-	-	-	209,773	-	40,752	250,525	367,084
Debt service	-	-	-	-	120,884	-	120,884	118,458
Total expenditures	-	-	-	570,727	120,884	40,752	732,363	550,507
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,516	-	-	1,226,451	(120,884)	(53,146)	1,052,421	1,053,298
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	120,884	1,096,667	1,217,551	1,288,458
Transfers (out)	-	(16,667)	-	(1,215,395)	-	-	(1,215,395)	(1,498,213)
TOTAL OTHER FINANCING SOURCES (USES)	-	(16,667)	-	(1,215,395)	120,884	1,096,667	2,156	(209,755)
NET CHANGE IN FUND BALANCE	7,516	(16,667)	-	11,056	-	1,043,521	1,054,577	843,543
FUND BALANCE, beginning of year	(977)	(200,820)	2,193	1,767,435	(19,850)	1,337,312	3,084,897	2,241,354
FUND BALANCE, end of year	\$ 6,539	\$ (217,487)	\$ 2,193	\$ 1,778,491	\$ (19,850)	\$ 2,380,833	\$ 4,139,474	\$ 3,084,897

**CITY OF ATLANTIC BEACH, FLORIDA
HISTORICAL REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2017, THROUGH SEPTEMBER 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues					
Operating Revenues:					
Water:					
Customer charges	\$ 3,677,424	\$ 3,550,004	\$ 3,462,039	\$ 3,206,520	\$ 3,262,314
Miscellaneous charges	68,937	43,252	67,291	64,563	65,198
Total water	<u>3,746,361</u>	<u>3,593,256</u>	<u>3,529,330</u>	<u>3,271,083</u>	<u>3,327,512</u>
Sewer:					
Customer charges	6,096,086	5,750,479	5,399,935	5,092,613	5,111,353
Miscellaneous charges	8	-	-	-	590
Total sewer	<u>6,096,094</u>	<u>5,750,479</u>	<u>5,399,935</u>	<u>5,092,613</u>	<u>5,111,943</u>
Total operating revenues	<u>9,842,455</u>	<u>9,343,735</u>	<u>8,929,265</u>	<u>8,363,696</u>	<u>8,439,455</u>
Non-operating revenues					
Investment income (loss):					
Water	(27,591)	143,198	163,209	(7,606)	21,455
Sewer	(22,584)	158,264	115,389	(8,249)	17,281
Total non-operating revenues	<u>(50,175)</u>	<u>301,462</u>	<u>278,598</u>	<u>(15,855)</u>	<u>38,736</u>
Total revenues	<u>9,792,280</u>	<u>9,645,197</u>	<u>9,207,863</u>	<u>8,347,841</u>	<u>8,478,191</u>
Expenses					
Operating expenses:					
Water	1,321,892	1,044,002	1,299,974	1,348,985	1,488,854
Sewer	3,100,956	2,222,833	2,387,924	2,393,828	2,309,637
Total operating expenses	<u>4,422,848</u>	<u>3,266,835</u>	<u>3,687,898</u>	<u>3,742,813</u>	<u>3,798,491</u>
Administrative, non divisional and other					
Water	584,856	642,424	508,655	508,655	502,058
Sewer	698,988	678,890	624,796	624,796	591,161
Total administrative non-divisional and other	<u>1,283,844</u>	<u>1,321,314</u>	<u>1,133,451</u>	<u>1,133,451</u>	<u>1,093,219</u>
Total expenses	<u>5,706,692</u>	<u>4,588,149</u>	<u>4,821,349</u>	<u>4,876,264</u>	<u>4,891,710</u>
Net revenues available for debt service	<u>4,085,588</u>	<u>5,057,048</u>	<u>4,386,514</u>	<u>3,471,577</u>	<u>3,586,481</u>
Non-operating income(expense)					
Interest expense	(320,482)	(344,186)	(381,546)	(404,297)	(455,259)
Loan amortization	(93,910)	(93,910)	(93,910)	(93,910)	(93,910)
Total non-operating income (expense)	<u>(414,392)</u>	<u>(438,096)</u>	<u>(475,456)</u>	<u>(498,207)</u>	<u>(549,169)</u>
Change in net position before depreciation expense and interfund transfers	<u>\$ 3,671,196</u>	<u>\$ 4,618,952</u>	<u>\$ 3,911,058</u>	<u>\$ 2,973,370</u>	<u>\$ 3,037,312</u>

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTIONS – ENTERPRISE FUNDS (WATER AND SEWER)
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND SEPTEMBER 30, 2020

	<u>2021</u>	<u>2020</u>
Gross revenues:		
Utility	\$ 9,842,455	\$ 9,343,735
Connection charges	34,333	24,957
Interest	(44,607)	234,288
Total Gross Revenues	<u>9,832,181</u>	<u>9,602,980</u>
Operating Expenses		
Personnel services	1,776,734	1,827,004
Contractual services	673,262	375,144
Supplies	513,146	507,960
Repairs and maintenance	876,185	(13,952)
Utilities	349,132	351,447
Intergovernmental charges	1,283,844	1,321,314
Other expenses	234,388	219,231
Total operating expenses	<u>5,706,691</u>	<u>4,588,148</u>
Total net revenues in accordance with Bond resolutions	<u>\$ 4,125,490</u>	<u>\$ 5,014,832</u>
Total debt service	<u>\$ 1,895,860</u>	<u>\$ 1,853,625</u>
Debt service coverage ratio	<u>217.61%</u>	<u>270.54%</u>
Required debt service coverage ratio	<u>110.00%</u>	<u>110.00%</u>

**CITY OF ATLANTIC BEACH, FLORIDA
 OTHER BOND COVENANT DISCLOSURES
 FOR THE YEAR ENDED SEPTEMBER 30, 2017, THROUGH SEPTEMBER 30, 2021**

**Utility Service Tax Collections
 (last five years)**

Year	Electricity	Communications	Gas	Fuel Oil	Total
2021	\$ 441,950	\$ 471,029	\$ 13,068	\$ -	\$ 926,047
2020	499,712	489,444	14,122	-	1,003,278
2019	587,563	484,505	12,518	-	1,084,586
2018	498,379	497,133	16,262	-	1,011,774
2017	475,895	479,551	15,229	-	970,675

**Ad Valorem Tax Collections
 (last five years)**

Year	Total
2021	\$ 6,341,798
2020	5,912,053
2019	5,519,446
2018	5,063,409
2017	4,730,476

OTHER STATISTICAL INFORMATION

**CITY OF ATLANTIC BEACH, FLORIDA
MAJOR UTILITY CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(UNAUDITED)**

	Annual Billings
Fleet Landing (retirement community)	\$ 464,152
Navy (Federal Government)	354,449
PAC-2160 Mayport GP, LLC	178,372
John's Creek Estates (mobile home park)	149,593
City of Atlantic Beach, Florida	134,990
Hanna Park (regional park)	126,750
Yes Companies	124,050
PBG MAYPORT LLC	123,325
Sea Turtle Inn	119,241
Seaside Apartments (apartment complex)	71,029
	<u>\$ 1,845,951</u>

ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES; THE *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA; AND OTHER CONTRACT REQUIREMENTS

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

Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, 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, each major fund, and the aggregate remaining fund information of City of Atlantic Beach, Florida, (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 20, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the 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 may exist that have not been identified.

CERTIFIED PUBLIC ACCOUNTANTS

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Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, Florida

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

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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance 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.



July 20, 2022
Gainesville, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH FLORIDA STATUTES SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, Florida

We have examined the City of Atlantic Beach, Florida’s (the City) compliance with Section 218.415, Florida Statutes during the period ended September 30, 2021, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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 and, accordingly, included examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City’s compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report 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 and pass-through entities, the City, its management, and is not intended to be, and should not be, used by anyone other than these specified parties.



July 20, 2022
Gainesville, Florida

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MANAGEMENT LETTER

Honorable Mayor, City Commissioners, and
City Manager
City of Atlantic Beach
Atlantic Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Atlantic Beach, Florida (the City) as of and for the year ended September 30, 2021, and have issued our report thereon dated July 20, 2022.

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 on 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 an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated July 20, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no such findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

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 report 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 identification of 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.

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

Special District Component Units

Section 10.554(1)(i)5.(d), *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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 determined that there were no special district component units that were required to be reported in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



July 20, 2022
Gainesville, Florida