



CITY OF DESTIN, FL
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2021



City of Destin, Florida

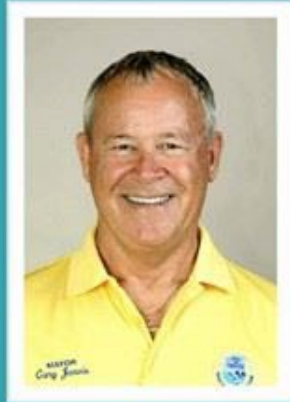
Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2021

*City of Destin, Florida
Finance Department
Krystal Strickland, Finance Director
4200 Indian Bayou Trail
Destin, Florida 32541
(850) 837-4242
CityofDestin.com*



DESTIN CITY COUNCIL



GARY JARVIS
MAYOR



DEWEY DESTIN
MAYOR PRO TEM/COUNCILMEMBER



JIM BAGBY
COUNCILMEMBER



RODNEY BRADEN
COUNCILMEMBER



TERESA HEBERT
COUNCILMEMBER



JOHNNY KING
COUNCILMEMBER



BOBBY WAGNER
COUNCILMEMBER



KEVIN SCHMIDT
COUNCILMEMBER

CITY OF DESTIN, FLORIDA

Introductory Section

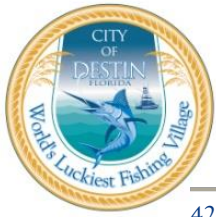
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- Organizational Chart
- Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting

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City of Destin

4200 Indian Bayou Trail | Destin, FL 32541 | Phone: 850-837-4242 | Fax: 850-269-9890 | www.cityofdestin.com

March 7, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Destin:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the City of Destin, Florida (the City) for the fiscal year ended September 30, 2021. Chapter 218.39, Florida Statutes require that a complete set of financial statements be published within nine months of fiscal year end and presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Destin. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Destin has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Destin's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Destin's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

In compliance with the laws of the State of Florida, the City's financial statements have been audited by EFPR Group, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Destin for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Destin's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Destin was part of a broader, state mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This was

not required for the fiscal year ended September 30, 2021. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Destin's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Destin incorporated and adopted the Council-Manager form of government in 1984. The City Council is composed of seven voting members with the Mayor casting tie-breaking votes only. The Mayor and Council, elected in November of even years by the City at-large, can serve up to two consecutive four-year terms. The City Council is the legislative body of the City Government. They consider and adopt ordinances and enact regulations for the maintenance of good government, the preservation of peace, welfare, health and safety and convenience of the citizens. The Council also reviews and adopts the City Budget, makes appropriations, levies taxes, authorizes bond issues, holds public hearings for citizen input, appoints committees and establishes municipal policies. Pursuant to City Charter, the City Manager is appointed by a super-majority vote of the City Council. The City Manager is the chief administrative officer of the City and serves directly at the pleasure of the City Council. The City Manager implements Council policies, directs and supervises the administration of all departments, programs, offices, and agencies of the City.

The City of Destin provides a range of services that include the construction and maintenance of highways, streets, sidewalks, stormwater and other infrastructure; and parks and leisure/cultural activities and events. The City also provides community planning and building code compliance services. Law enforcement is provided through a contractual arrangement with the Okaloosa Sheriff's Office. Water and wastewater utilities and fire protection and lifeguard services are provided by other governmental agencies working in close cooperation with City management. Tourism is the major field of employment within the City of Destin. The City of Destin includes a planning area of 7.53 square miles and is located in Okaloosa County approximately 52 miles east of Pensacola, Florida, and 38 miles west of Panama City Beach, Florida. The Gulf of Mexico on the south and Choctawhatchee Bay on the north form the City's natural boundaries. Destin is located on Florida's Emerald Coast known for sugar-white beaches, crystal clear green water and warm, sunny days. Destin is home to approximately 13,702 full-time residents with an estimated peak seasonal population of approximately 100,000. One of the City's most significant on-going challenges is to provide infrastructure and services to accommodate the seasonal population.

Budgetary Control: The annual budget serves as the foundation for the City of Destin's financial planning and control. The City Manager starts each new calendar year with a Visioning and Strategic Planning Session where department directors, city council members, and the citizens of Destin discuss their long-term vision for the City and strategically prioritize issues and projects. All departments of the City of Destin are required to submit requests for appropriation to the City Manager in the spring of each year. The City Manager evaluates these requests against the strategic planning session priorities and develops a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the

close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (the level at which expenditures cannot legally exceed appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 27 as part of the basic financial statements for the government funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 65.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Destin operates.

Local economy: In FY 2021, the City continued to experience an increase in tourist-related business and hotel and short-term rental occupancy. Tourism is one of Destin's largest industries, and Destin has made great strides to promote and market its commitment to serve as a community offering an outstanding quality of life to residents and visitors alike. The Okaloosa Tourist Development Council reported that FY 2021 bed tax collections and visitor estimates were higher than pre-pandemic figures.

The City is centrally located in the panhandle of Florida. Destin is home to one of the largest and most elaborately equipped charter fishing fleets in the State of Florida. Known as the "World's Luckiest Fishing Village," the Destin Harbor lies closer to the 100 Fathom curve than any other harbor on Florida's west and north coast, providing speedy deep-water access. In addition to fishing, recreational opportunities include golf, tennis, and water sports, including diving and snorkeling.

Besides tourism, Destin's economic base was dependent on the real estate and construction industries in the past. Nowadays, the City is nearly "built-out" with very few vacant parcels still available for development, and therefore residential and commercial construction is minimal compared to the tourist-related economy. During FY 2021, rising property values translated into higher ad valorem taxes. Ad valorem taxes are the City of Destin's largest single source of revenue. By City Charter the maximum rate of levy is limited to 2.0 mills, or \$2 per \$1,000 in property value. The rate for FY2021 was set at 1.615 mills for the fifth consecutive year.

Major Initiatives - Current and Future

Livable wages & benefits: Council's top priority objective for FY 2022 was to offer livable wages and benefits to attract and maintain high caliber, qualified staff. Like many of the businesses in Destin, the City has found it difficult to maintain full staffing levels. The budget adopted for FY 2022 assumed 8% increased personnel costs and adopted funding to achieve a compensation study. A cost of living (COLA) of 5% was immediately granted to employees upon adoption of the new budget, and a longevity award was given based upon years of employment with the City.

Cross-Town Connector: The Cross-town Connector project was recognized as Council’s second top priority for FY 2021/2022. For many years, the City of Destin has worked towards establishing a secondary main road for residents to get from the East side of town to the West side of town that would avoid the congestion of Highway 98. FDOT has awarded the City a grant to complete the purchase of property to construct the roadway. Okaloosa County has awarded the City a grant to complete the roadway construction. The City has purchased some properties for right-of-way and has relocated some of the residents affected by the project. An engineering firm is currently adjusting the design, and construction is anticipated to begin in FY 2024.

Beach Acquisition: Council’s third priority objective is to purchase beachfront property in order to preserve public access to Destin’s waterways and beaches. During the summer months, the City’s two small beach parks are regularly well beyond capacity with beachgoers. The highest percentage of complaints from citizens and visitors are concerns about the lack of access to the Gulf waters and disputes with property owners and vendors. This initiative will restore developed areas of the beach to original natural beach and will provide additional public space for residents and visitors. City Council motioned to use 75% of the 10-year Okaloosa Half-Penny Local Discretionary surtax for beach acquisition. With administrative and financial assistance from the Trust for Public Lands (TPL) and the Okaloosa County Tourism Development Department (TDD), the City closed on two beach-front properties in early FY 2021 (\$6.8 million) and has raised an additional \$11.4 million in grant funding to purchase more properties as they become available in future years.

Undergrounding Utilities: The fourth of City Council’s top priorities for the City of Destin is to underground utility lines. Undergrounding utilities is essential to hardening Destin’s infrastructure to improve business continuity and to decrease recovery time in post-disaster scenarios. This is also a beautification initiative expected to increase property values and to enhance economic development opportunities. In FY 2021, the City hired a Project Management company to manage our ambitious utility undergrounding project. The Project Management company has completed a report that outlines the optimal phasing for the project and also provided an opinion of probable cost for the first phase. The Project Manager is coordinating closely with FDOT and local utility providers. In early 2022, the City finalized a new franchise undergrounding agreement with FPL (formerly Gulf Power, a subsidiary of Nextera Energy) and received an opinion of probably cost. This opinion will allow for the consideration of financing options and a potential start to the project in late FY 2023.

Roadway and Pedestrian Improvements: The Transportation Element of the Comprehensive Plan guides the City’s regulations regarding street improvements for both motor vehicle and pedestrian needs. The City’s plan is aimed at enhancing an efficient and high-quality multi-modal transportation system that balances community circulation needs with regional travel demand.

The adopted five-year capital improvement plan for FY 2022-2026 includes several pathway projects that will connect the Harbor Boardwalk with additional parking and will connect the library, community center, fishing museum, and three city parks. The City is working closely with a rate analyst to establish developer mobility fees to help the City fund the greater multi-modal mobility plan.



Purchase and Installation of Municipal Management

Software: A top priority for the organization was to implement a comprehensive software package that would automate and centrally connect critical processes, including permitting, planning, regulatory management, inspections, and code compliance, into one easily accessible system for our customers. In 2019, the City purchased Tyler Technology's Energov product and branded it with the name COMPASS (COMMunity Permit And Support System). City and Energov staff worked diligently on this monumental City project and this new e-government system went live in June 2021. This new software streamlined communication amongst City staff and customers, and productivity has markedly increased at both the office and field levels. The COMPASS portal enables residents, developers, contractors, and business owners to easily apply for their building permit, development, business tax receipts and engineering applications from their computer in the comfort of their home or office. They can submit necessary documents, track the progress, pay invoices, and receive final documentation via the COMPASS portal without calling or making a trip to City Hall Annex. Furthermore, the average turnaround time between application submittal and permit issuance for permits and business tax receipts has improved by 80%.

Airport Road Safety Improvements: In FY 2019, the Florida Department of Transportation (FDOT) agreed to take on the responsibility of designing and constructing safety improvements on the curve on Airport Road. A special new surface and additional signage were installed late in FY 2021, which have improved safety of both lane-sets to help vehicles negotiate the curve.

Norriego Point Stabilization and Recreational Amenities: This has been a high priority project for the Destin community. Due to the complex dynamics of the Destin East Pass, in FY 2011 the City Council appointed a Blue-Ribbon Panel of stakeholders to assist in the decision-making for the proposed design for stabilization of the Point. In late FY 2013, the City was notified the Florida Department of Environmental Protection (FDEP) was awarded a National Resource Damage Assessment (NRDA) grant to construct this project. In FY 2014 city staff began working with the State to implement this project. The project began in the fall of 2017 with the stabilization phase. In the fall of 2021, the City signed an agreement with a developer who will work with the City to extend the road and add parking for access to the park that FDEP has worked to design. FDEP continues to manage the design and construction of improvements to Norriego Point. We anticipate the construction of recreation amenities to begin in FY 2023. The hardening efforts on Norriego Point provide storm protection for the Destin Harbor and will help preserve the point for the future.

Stormwater Drainage and Water Quality Improvements: In FY 2015 the City was fortunate to receive a \$3.6 million grant from the National Fish and Wildlife Foundation's Gulf Environmental Benefit Fund to complete its six remaining storm water projects identified in Destin's FY 2002 Stormwater Master Plan. The City's matching requirement was \$50,000. All six projects were designed in FY 2016. Construction of all six projects were completed in 2017. Additional projects were added which were completed in FY 2021. The City is working to update the Stormwater Master Plan.

Joe's Bayou Renovation: In 2016, the City purchased a parcel of waterfront property that has long been desired by the City of Destin to complete its plans for the Joe's Bayou Recreation Area which will combine four properties into one recreational park. FDEP is managing the funding,

design and construction of a bayfront park. Design is underway in FY 2022 and construction is anticipated to start in FY 2023.

Captain Leonard Destin Park: In late 2014/2015 the City was notified that we would be receiving a \$9,700,000 grant from BP's Early Restoration Funds. This grant, administered through The Trust for Public Land acquired a 3-acre parcel on the Choctawhatchee Bay and constructed a new park with a splash pad and playground. The park also received an operating grant from FDEP for maintenance and operations for a ten-year period beginning at conveyance of the park to the City. The fully constructed park was conveyed to the City at the end of FY 2020. FY 2021 was the first full year of operations which were fully covered by the grant from FDEP.

Community Redevelopment Agencies. The Community Redevelopment Agency (CRA) is responsible for developing and implementing the Community Redevelopment Plan that addresses the unique needs of the targeted area. The plan includes the overall goals for redevelopment in the area, as well as identifying the types of projects planned for the area. The City of Destin continues to focus on redevelopment opportunities. The establishment of two CRA districts help focus planning efforts for major capital improvements in the heart of the City to maintain the vitality and heritage of our harbor district and to facilitate mobility across town and through our downtown area.

Town Center CRA District

Major projects in the Town Center district of the CRA valued at over \$18 million were accomplished between 2005-2009 included:

- Construction of the Main Street and Legion Drive widening, stormwater management improvements, and multi-modal landscaping enhancements
- Undergrounding of overhead utilities on Main Street
- Airport Road widening, including stormwater management improvements and multi-modal amenities

These projects were accomplished through a combination of grants and tax increment financing (TIF) revenue bonds.

Gulf Power Easement/Linear Park: One key project aimed at redeveloping the Town Center District is the proposed Linear Park. An objective outlined in the Town Center CRA plan is to improve non-vehicular pathways between Main Street and Airport Road. This linear park and multi-use pathway will connect portions of the Gulf Power easement. The project will provide a safe area for walking, jogging, biking and exercise. In addition, it will provide alternate access for residential areas off Airport Road to shops, restaurants and other amenities in the Town Center.

Harbor CRA District

The major projects of the Harbor District CRA were mostly completed in 2009-2013:

- The reconstruction of Mountain Drive into a multi-modal roadway
- The construction of the first phase of the Harbor Boardwalk
- The construction of a long-term surface parking lot (Marler Street) on Harbor Boulevard with appropriate lighting, landscaping, and stormwater improvements
- Melvin Street Drainage

In 2014, focus was placed on safe pedestrian mobility in the Harbor District and along US 98. The City worked with the State of Florida Department of Transportation (FDOT) to conduct a Pedestrian Safety Assessment analysis of Hwy 98 from Marler Bridge to Airport Road. In the spring of FY 2016, FDOT installed five (5) signalized pedestrian crossings on Harbor Blvd/Highway 98.

Furthermore, the City is in the process of undertaking two major development efforts aimed at enhancing the festive atmosphere and experience of our redevelopment areas.

Captain Royal Melvin Heritage Park and Plaza: The City acquired a 0.77 acre harbor-front property for a park with support from the Trust for Public Land and additional funding provided by the Florida Community Trust. Located in the center of the Harbor District CRA, Captain Royal Melvin Park will serve as a gateway to the Destin Harbor District featuring an observation platform, resource center, educational signage, walkways, and a plaza with picnic tables, playground equipment and restrooms. The construction of the park began in early 2021 and is expected to be substantially completed by the Spring of 2022. This construction is primarily funded by a Restore Act grant from the US Treasury, being administered by Okaloosa County.

Additional Financial Policies that Affect the Financial Position

General Government Functions: The City's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are determined generally by the City Council upon recommendation of the City Manager and the Finance Director establishes accepted accounting policies and procedures, as well as the number of funds.

In accordance with Florida Statutes, Chapter 218.33, revenues are recorded by source to provide information necessary to (1) prepare and control the budget, (2) record the collection of revenues (3) prepare financial statements and schedules, and (4) prepare financial statistics.

Long-Term Financial Planning

The City's responsiveness to emerging economic challenges and its careful long-range planning have been instrumental in maintaining Destin's fiscal health. Fiscal conservatism, a streamlined budget, and operating efficiencies have resulted in a solid position for the City at the close of fiscal year 2021. Approval by Council of mission and goal statements allows staff to create strategic plans and a programmatic budget that directly responds to the Council's vision, goals, and community expectations. The City continues to prioritize debt service and operations first in budgeting. Most capital projects are funded by grant revenues and impact fees.

Statement of Philosophy. In 2021, the Mayor and City Council adopted a new vision statement: *"Destin is a family oriented beach and fishing community where people want to live, work & play and where visitors are welcomed to respectfully enjoy our community and its resources."* City leaders have continued to reinforce and refine their support of this vision each year at their strategic planning sessions.

As indicated within this Vision Statement, the City of Destin is working at all levels to improve the quality of life within our community. Since the Budget is a policy document and serves as a statement of City policy in fiscal terms, it should be viewed as a reflection of the Council's established strategic goals of:

- 1) Financially sound city providing service excellence
- 2) A green and sustainable environment
- 3) Improve mobility and connectivity
- 4) Enhanced quality of life and safety for families
- 5) Economic development and revitalization
- 6) Effective, efficient and aesthetically pleasing infrastructure

Plans articulated in the fiscal year 2022 Adopted Budget and Capital Improvement Plan continue to support basic governmental services (roads, parks, recreation, and stormwater, etc.) while also addressing the City Council's broad goals and citizens' expectations for the community.

Destin's financial plan requires many elements working in concert with one another. Some of these financial plan elements are financial resource planning, investment planning, strategic capital improvement project planning, and debt management. The Finance Department's management role is to maintain and enhance financial plan elements and ensure continued financial stability for the City of Destin.

Budget Planning: The City of Destin is required to adopt an annual budget in accordance with the City Charter and State Statutes. The City Manager is charged with preparing a proposed budget submission in July of each year for the fiscal year that begins the following October 1. Appropriations by department by fund and tax levies are adopted in September. The budget also authorizes the number of full-time equivalent positions available to City departments to deliver services. The budget may be amended by Council motion at a regular meeting or administratively if the change is within the same department and fund. Various thresholds of review and approval have been established for purchases and hiring as the budget is implemented.

Capital Improvement Program: Destin's Capital Improvement Program projects are planned for five years and evaluated based on project totals of over \$25,000, a useful life of five years or more; and costs that do not reoccur annually, unless the project has multi-year elements. The operating cost impacts of projects are also planned and considered in developing future operating budget plans. Projects with significant operating impacts are carefully timed to avoid contingent liabilities, which future operating resources cannot meet. Pay-as-you-go funding sources are also conservatively estimated to avoid over-committing to capital construction using revenues that are not certain. Expending the pay-go funding sources can appear as an appropriation of fund balance in years when construction occurs after years of saving up for a project. To the extent debt financing is used and/or required, capital project plans are sized to conform to existing debt management policies.

Debt Management: Destin has a financial policy which prohibits the issuance of debt for operating costs. With that as a governing framework, all debt issuances are for the purpose of financing capital infrastructure (or long-lived costly assets). Each debt issuance is evaluated against multiple additional policies addressing debt service as a percent of operating

expenditures, tax and revenue bases for the repayment of debt, the overall debt burden on the community and statutory limitations and market factors affecting tax-exempt interest costs. In all cases a long-term analysis is made considering the financial (debt) capacity that fits the wherewithal (and willingness) of our community to pay for the capital projects. The annual debt service operating cost for each additional one million dollars in new debt averages about \$30,000 based on an average interest rate of 3.0 percent. Sizing of the City's Capital Improvement Program is based on the debt capacity in conjunction with conservatively estimated pay-as-you-go revenues which will help stabilize per capita debt and lower annual debt service costs to the City over the long-term.

Revenues pledged to the repayment of debt issues consist of general government's commitment to budget and appropriate, sales taxes, communication service taxes, and CRA tax increment funding (TIF). The Tax Increment Financing (TIF) revenues are calculated using the growth of property values above the base year property values within each CRA district. Annual requirements and debt transactions are reflected in the notes to the financial statements.

Internal Control: City management is responsible for establishing and monitoring internal controls to ensure that the City fulfills its fiduciary responsibility as custodian of public monies. The purpose of internal controls is to provide reasonable, but not absolute, assurance that City assets are safeguarded against loss through unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Fiduciary Operations: The City of Destin maintains a defined contribution plan for the City's full-time employees. The City's contributes 7.5% of the employee's annual earnings to the retirement program, and will match the first 5% of the employee's contribution to their 457 retirement program. Additional information on the City's pension arrangements and post-employment benefits can be found in Notes 11 and 12 in the financial statements.

Financial Information

Management's Discussion and Analysis (MD&A) (starting on page 4) summarizes the Statement of Net Position and Statement of Activities and reviews the changes (from the beginning to the end of the period and current year to prior year). The Government-wide financial statements (in detail) are presented on pages 21 through 22 and are intended to present the City in a manner similar to private-sector businesses.

Additionally, the Fund Financial Statements (starting on page 23) are designed to address the Major (or more significant) individual funds by category. An explanation of these complementary presentations can be found in the MD&A (starting on page 4).

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Destin for its annual comprehensive financial report (ACFR) for the year ended September 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

This achievement is the direct result of the efforts of many people and not the work of a single person. Our gratitude is given to the Mayor and City Council for their continuing attention, assistance, and cooperation regarding the financial operations of the City as well as to our residents for their support toward the planning and administration of the financial operations of the City in a responsible and progressive manner. We would also like to express our thanks to the staff of EFPR Group, Certified Public Accountants for their professional services and assistance to the City of Destin. Lastly, we extend our sincere appreciation to all city employees, particularly our finance staff, for their hard work, professionalism, and dedication to ensuring Destin's financial stability.

Respectfully submitted,



Lance Johnson
City Manager



Krystal Strickland, CPA, CGFO
Finance Director

CITY OF DESTIN

EXECUTIVE DIRECTORY

City Council

Gary Jarvis, Mayor
Dewey Destin, Mayor Pro Tem/Council
Rodney Braden, Council
Terésa Herbert, Council
Johnny King, Council
Kevin Schmidt, Council
Jim Bagby, Council
Bobby Wagner, Council

City Manager

Lance Johnson

Deputy City Manager

Webb Warren

City Clerk

Rey Bailey

Finance/Budget Director

Krystal Strickland

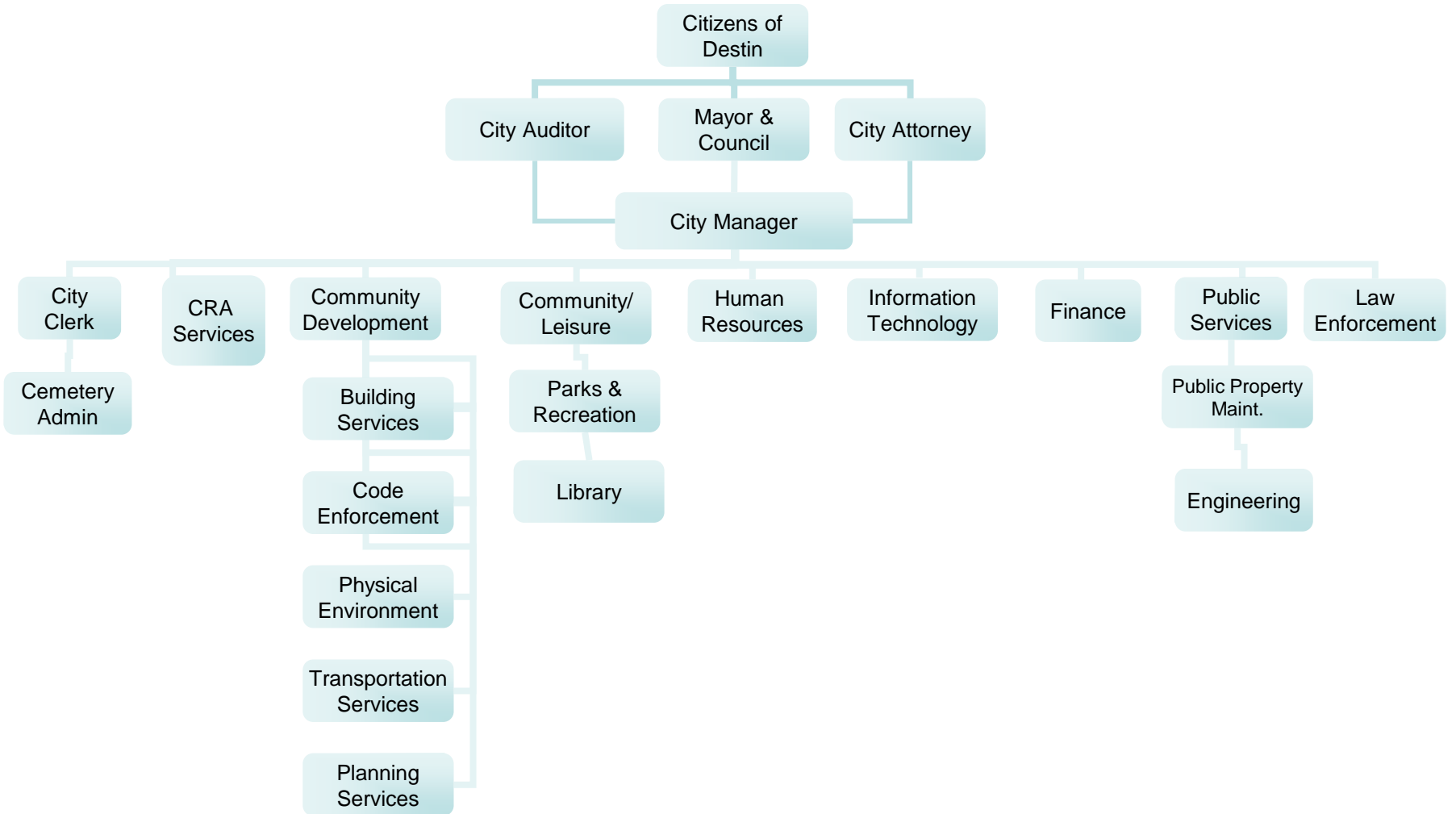
City Attorney

Kyle Bauman
Anchors, Smith,
Grimsley, PLC

City Land Use Attorney

Kimberly Kopp
Romano Kopp Law, P.A.

City of Destin Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Destin
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Destin, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the fiduciary fund and the aggregate remaining fund information of the City of Destin, 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.

Auditors' 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 to 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.

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, each major fund, the fiduciary fund and the aggregate remaining fund information of the City of Destin, Florida, as of September 30, 2021, and the respective changes in financial position, and, where applicable, the respective budgetary comparisons for the General Fund, the Community Redevelopment Agency - Town Center Special Revenue Fund, and the Capital Projects Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other 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 introductory section, combining and individual nonmajor fund financial statements, schedules of revenue, expenditures and changes in fund balance - budget to actual, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules of revenue, expenditures and changes in fund balance - budget to actual 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 combining and individual nonmajor

fund financial statements and the schedules of revenue, expenditures and changes in fund balance - budget to actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 also issued our report dated March 7, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Destin, Florida (the "City") we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended September 30, 2021. The City's Management Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on the significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify any individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- Assets plus deferred outflows of resources of the City of Destin exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$131,205,295 (net position). Of this amount, \$98,289,498 represents the net investment in capital assets (e.g. land, infrastructure, building, machinery, and equipment), \$3,852,330 million is restricted for use by regulatory agencies, grantors and debt covenants, and \$29,063,467 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position of increased by \$10,882,016 during the current fiscal year. Just over \$1 million of this increase is from an unanticipated rise in property, sales, use and fuel taxes. We believe the increase in sale and fuel tax dollars was prompted by an increase in tourism in North Florida during fiscal year ended (FY) 2021 as compared to FY 2020 when COVID travel restrictions were enforced. A large portion of the revenues attributable to the increase in net position are from sources that have been programmed into our 5-year capital improvement plan, and as such, were not scheduled to be expended during FY 2021.
- Governmental Activities generated \$8,600,911 in program revenues (\$2 million more than in the prior fiscal year), with \$16,046,259 in direct expenses.
- At the close of the current fiscal year, the City of Destin's governmental funds reported combined ending fund balances of \$33,515,915, an increase of \$3,694,376, or 12% over the prior year. Of this amount, \$2,561,841 is Nonspendable, \$3,852,330 is restricted, \$14,739,793 is committed, \$1,282,070 is assigned, and \$11,079,881 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,296,275, or 85% of the total General Fund operating expenditures.
- During FY 2021, the City borrowed \$9,905,000 at a rate of 1.139%. Of this amount, \$2,819,000 was used to acquire land to address beach access issues, \$3,489,000 was used to refund the 2015 debt series (formerly 2005B), and \$3,597,000 was used to refund the 2009 TIF revenue note.
- During this fiscal year, the City invested over \$11 million into new and replacement capital assets and infrastructure. Grant funding covered more than \$5 million of these investments into new parks and stormwater infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section, Financial Section, Statistical Section, and the Compliance Section*. Within the Financial Section, there is the *Independent Auditors' Report*, this *Management's Discussion and Analysis*, the *Basic Financial Statements, Required Supplementary Information* and an additional section that presents *Combining Statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

Government-wide – The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City’s overall financial status.

Fund Financial Statements – The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements. These fund financial statements focus on the short-term cashflows, and exclude long-term items such as capital assets and long-term liabilities.

The focus of the Governmental Accounting Standards Board (“GASB”) Statement Number 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments* financial statements is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (such as year-to-year and government-to-government), and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Designed to be corporate-like, the *government-wide financial statements* typically consolidate governmental and business-type activities into two columns, which add to a total for the primary government entity. However, the City of Destin has only governmental activities and, therefore, one column is presented that provides readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the 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 (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). *The City of Destin does not have any business-type activities.* The governmental activities of the City include general government (city clerk, city council, city manager, human resources, finance, city planning, facility and fleet maintenance and non-departmental expenses), public safety (code compliance, law enforcement, and building department services), physical environment (cemetery and stormwater), transportation (public works, streets, sidewalks, streetlights, engineering, traffic signage, median and right-of-way maintenance), economic development (community redevelopment agencies), human services (animal control and contributions), culture and recreation (library, parks, athletic fields, and community center) and debt service.

The government-wide financial statements are found on pages 21 - 22 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. The City of Destin's funds can be divided into two categories: governmental and fiduciary funds. Our city does not currently have any proprietary (business-like) 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 expendable resources, as well as on balances of expendable resources available at fiscal year-end. Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 23 - 28 of this report.

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

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for four of the eleven funds considered to be major funds. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements and can be found on pages 62 - 63 of this report.

Major Governmental Funds:

General Fund
CRA Town Center Fund
2009 Revenue Note Series Fund
Capital Projects Fund

Non-major Governmental Funds:

CRA Harbor Fund
Florida Building Code Fund
Technology Fund
Okaloosa Half-Penny Fund
2013 Refunding Revenue Note Series Fund
2014 Refunding Revenue Note Series Fund
2021 Refunding Revenue Note Series Fund

The City of Destin adopts annual appropriated budgets for all of the governmental funds. A budgetary comparison statement is presented within this report for each of those funds to demonstrate budgetary compliance.

PROPRIETARY FUNDS

Proprietary funds normally report business-type activities and provide the same type of information as the government-wide financial statements, only in more detail. The City of Destin has no business-type activities that meet the definition of this fund category.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

The City maintains a defined contribution plan for the City's full-time employees. The City administers the retirement plan known as the "Employee Thrift Plan." The Board of Trustees operates the investment policy set forth by the City Council. All funds are held by Benjamin F. Edwards & Co., which also acts as the Investment Manager. As of September 30, 2021, total assets were stated at \$7,135,194, an increase of \$1,055,098 compared to the September 30, 2020 stated value of \$6,080,096. Allocations of investments were represented as 89% mutual funds and 11% cash and cash equivalents.

The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are found on pages 29 - 30 of this report.

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

OTHER INFORMATION

The combining statements, mentioned earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. The combining and individual nonmajor fund financial statements are found on pages 62 - 63 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of net position. As noted earlier, over time net position may serve as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Position summary presentation as reflected below:

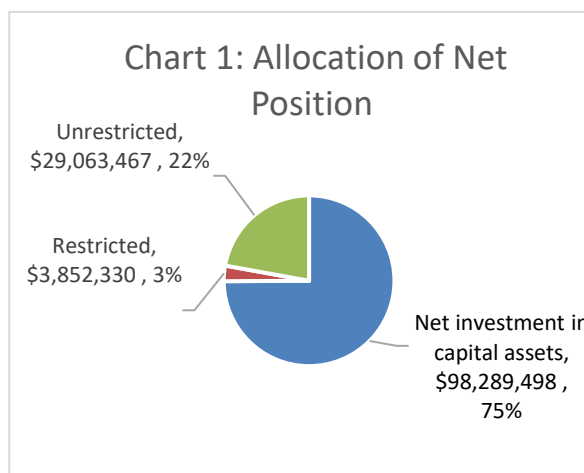
- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net position .
- 2) **Borrowing for capital** items will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds on new capital** items will reduce current assets and increase capital assets. Additionally, an increase in investments in capital assets plus an increase in related debt will not change the net investment in capital assets.
- 4) **Spending of non-borrowed current assets on new capital** items will reduce current assets, increase capital assets, reduce unrestricted net position, and increase net investment in capital assets.
- 5) **Principal payment on debt** will reduce current assets, reduce long-term debt, decrease unrestricted net position, and increase net investment in capital assets.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets and net investment in capital assets.

In the case of the City of Destin, combined assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$131,205,295 at the close of fiscal year 2021. (See Table 1 below.)

Table 1
Statement of Net Position
As of September 30,

Governmental Activities				
	2021	2020	\$ Change	% Change
Current and other assets	\$ 35,681,914	\$ 30,994,154	\$ 4,687,760	15%
Capital assets	121,522,085	113,690,820	7,831,265	7%
Total assets	157,203,999	144,684,974	12,519,025	9%
Deferred outflows	66,524	73,147	(6,623)	-9%
Current liabilities	3,334,156	919,586	2,414,570	263%
Long-term liabilities outstanding	21,649,241	23,053,574	(1,404,333)	-6%
Total liabilities	24,983,397	23,973,160	1,010,237	4%
Deferred inflows	1,081,831	461,682	620,149	134%
Net position:				
Net investment in capital assets	98,289,498	91,184,514	7,104,984	8%
Restricted	3,852,330	3,891,401	(39,071)	-1%
Unrestricted	29,063,467	25,247,364	3,816,103	15%
Total net position	\$ 131,205,295	\$ 120,323,279	\$ 10,882,016	9%

The largest portion of the City's net position, \$98,289,498 (75% of total net position), reflects the investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$3,852,330 (3% of total) represents resources that are subject to external restrictions. The remaining balance is considered unrestricted \$29,063,467 (22% of total) may be used to meet the City's ongoing obligations to citizens and creditors.



The City's current and other assets increased \$4,687,760 (15%). Much of this increase is unrestricted revenues that are being saved to apply towards major capital projects that are identified in the 5-year capital project plan. Capital assets net of depreciation increased \$7,831,265 (7%). Our largest addition to capital assets during FY 2021 was the acquisition of two parcels of land in the Crystal Beach area which were purchased to expand beach access for citizens and tourists. More details on the changes in capital assets can be found in Note 7 of the financial statements found in page 47.

The City's total liabilities increased \$1,010,237 (4%), as the net result of refunding older debt and issuing new debt for the beach acquisition mentioned previously. More details regarding the changes in long-term liabilities can be found in Note 8 and Note 9 to the financial statements found in pages 48 - 52.

The City's deferred inflows represent revenue not yet earned. Deferred inflows increased \$620,149 (134%). Nearly all of this increase is related to American Rescue Plan Act (ARPA) grant funds that were advanced to the City. These funds will be realized as revenue when they have been expended for eligible expenses.

Summary of changes in net position. The following information is presented to assist the reader in understanding the different types of basic impacts that can affect revenues:

- 1) **Economic Condition** can reflect a declining, stable, or growing environment and has an impact on property taxes, sales, gas, or other tax revenues as well as consumer spending habits as it relates to building permits, user fees, and other consumption revenues.
- 2) The City Council has authority to set **increases or decreases in City rates** (permitting, impact fees, user fees, parking fees, etc.).
- 3) **Changing patterns in intergovernmental and grant revenues** (both recurring and non-recurring) can change and impact the annual comparisons.
- 4) **Market impacts on investment income** may cause investment revenues to fluctuate from the prior year.

Basic impacts that can affect expenses:

- 1) **Introduction or elimination of programs** and facilities can have an impact on staffing levels, operating costs, and capital outlay costs.
- 2) **Changes in service levels** can cause the City to increase or decrease expenses. The City of Destin outsources many activities, such as law enforcement, legal services, median maintenance, and engineering services. Personnel and contractual services for operating service levels account for over 60% of the City's operating costs.
- 3) **Salary increases** such as cost of living, performance increase, and pension contributions can impact personnel costs. Staffing costs (salary and related benefits) represent approximately 38% of the City's operating costs.
- 4) **Inflation** continues to edge upwards, therefore increasing the price of goods and services purchased by the City. The City is also a major consumer of certain commodities such as fuel, chemicals, supplies, parts, and construction materials to maintain our facilities which have experienced unusual commodity specific increases. In addition, the City has various contracts with built-in annual increases.

The City's net position increased by \$10,882,016 (9%) during the fiscal year 2021. The increase in net position was primarily a result of increased revenues. COVID-related restrictions, including facility closures, program cancellations and travel restrictions resulted in lower revenue collections in FY 2020. Some of the net position increase was planned to save certain revenues for projects in the City's 5-year Capital Improvement Plan.

More detailed information regarding the changes in governmental revenues and expenses can be found following Table 2, which is a summary of the change in net position for governmental activities.

Table 2
Change in Net Position
For the year ended September 30,

	Governmental Activities			%
	2021	2020	Change	Change 2021 vs 2020
Revenue:				
Program revenue				
Charges for services	\$ 2,761,617	\$ 2,090,085	\$ 671,532	32%
Operating grants and contributions	646,998	2,082,880	(1,435,882)	-69%
Capital grants and contributions	5,192,296	2,275,391	2,916,905	128%
General revenue:				
Property taxes	9,892,776	9,374,391	518,385	6%
Other taxes	3,480,413	2,895,623	584,790	20%
Franchise fees	2,034,776	1,872,393	162,383	9%
Government revenue sharing	2,258,270	1,771,657	486,613	27%
Impact fees	590,174	456,051	134,123	29%
Investment income	19,983	471,977	(451,994)	-96%
Miscellaneous income	50,972	11,458	39,514	345%
Total revenue	26,928,275	23,301,906	3,626,369	16%
Expenses:				
General government	3,583,345	4,028,182	(444,837)	-11%
Public safety	3,756,665	3,623,935	132,730	4%
Physical environment	646,171	670,079	(23,908)	-4%
Transportation	2,739,207	2,866,166	(126,959)	-4%
Economic environment	1,141,935	1,152,796	(10,861)	-9%
Human services	64,531	63,494	1,037	2%
Culture and recreation	3,476,834	2,702,912	773,922	29%
Debt service-interest	637,571	752,073	(114,502)	-15%
Total expenses	16,046,259	15,859,637	186,622	1%
Change in net position	10,882,016	7,442,269	3,439,747	46%
Beginning net position	120,323,279	112,881,010	7,442,269	7%
Ending net position	\$ 131,205,295	\$ 120,323,279	\$ 10,882,016	9%

Current Year Impact – Governmental Activities

- Ad valorem property taxes increased \$518,385 (6%) due to the increase of property values within the City.
- The millage rate has been maintained at 1.615 for each of the last five fiscal years. Upon incorporation in 1984, the City of Destin adopted a millage rate cap of 2 mills.
- Grants and contributions increased \$1,481,023 (34%), which was primarily attributable to the contributions from the Okaloosa Tourist Development council to acquire land to expand beach access.
- Charges for services increased \$671,532 (32%). Parking fee rates and locations were adjusted in the spring of 2021 to collect fees near beach access points. The fees were instituted to discourage long-term parking and to encourage more turnover in parking spaces.
- Other taxes increased by \$584,790 (20%), primarily attributed to increased collection of sales, use and fuel taxes. Collections were lower during 2020 due to COVID travel restrictions and beach closures. The Okaloosa Tourist Development Council recently reported FY 2021 travel and tourism were higher than 2019 and 2020.
- Government revenue sharing includes taxes collected by the State of Florida which are shared with municipalities. Government revenue sharing increased \$486,613 (27%) for similar reasons as noted above related to prior year COVID restrictions that were not in place for the current year.
- Investment income decreased \$451,994 (96%). Investment income includes unrealized gains and losses. The City’s conservative investment policies result in investing in US treasuries and US agency bonds which did not realize losses, but the mark to market rule requires us to record and report the unrealized loss.
- Total City expenses increased \$186,622 (1%), which was attributable to the first full year of operations of the new Leonard Destin Park which is paid by an operating grant provided by FDEP.

Chart 2 compares governmental revenues from FY 2020 to FY 2021 by major revenue category.

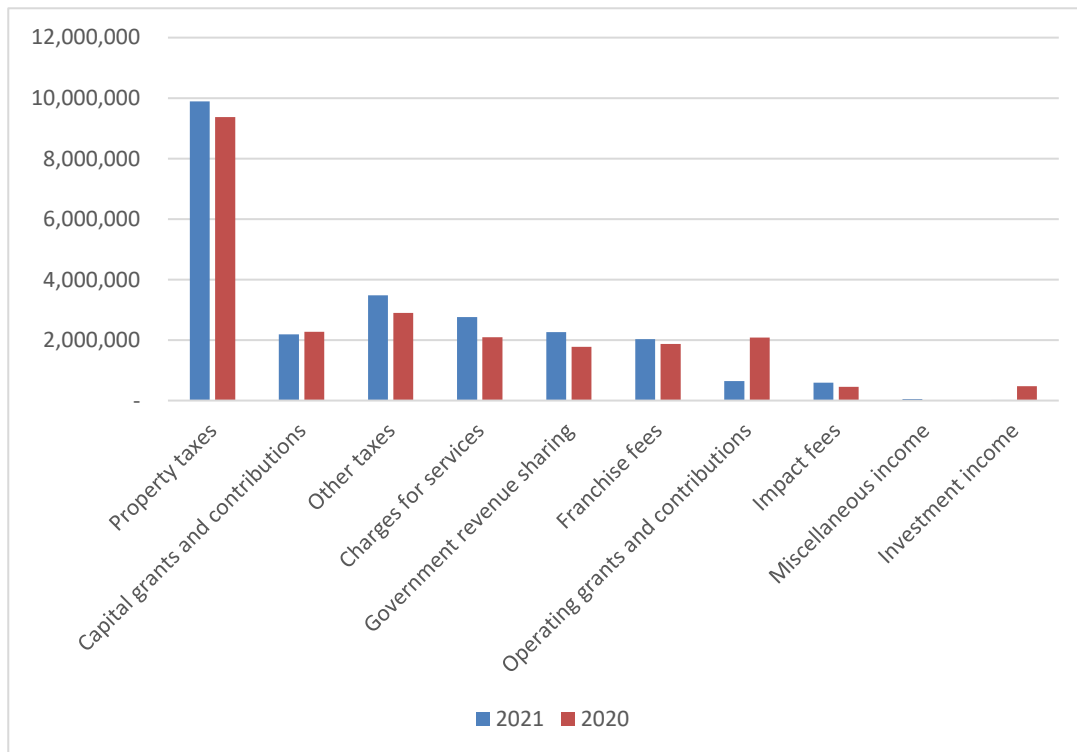


Chart 3 provides an overall view of the various governmental revenue sources.

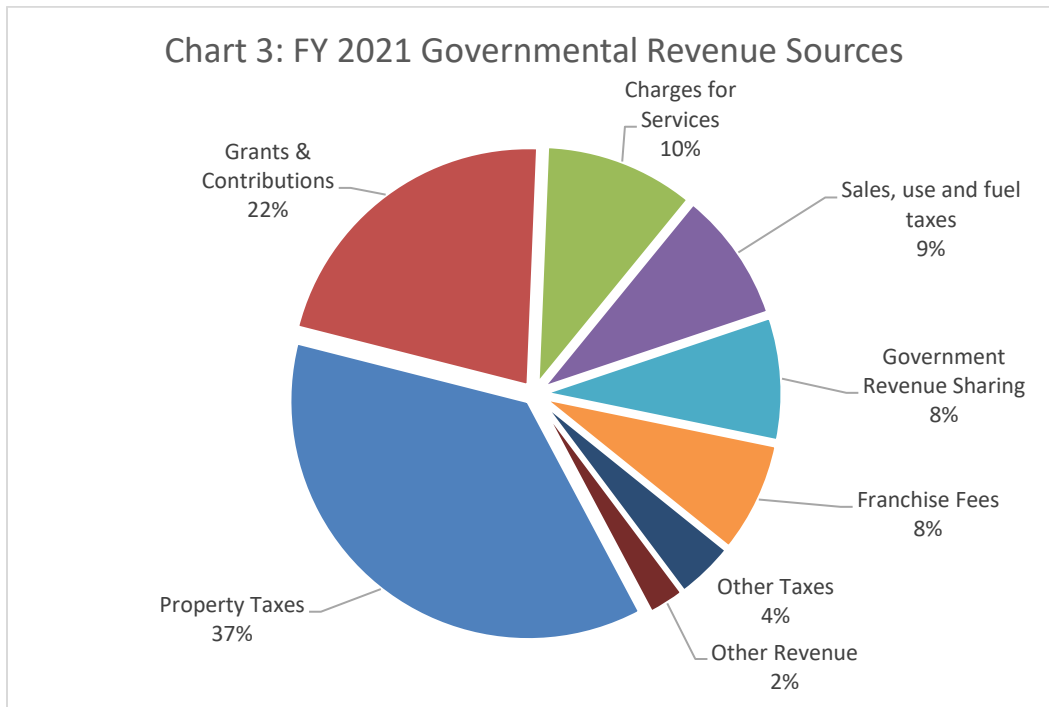
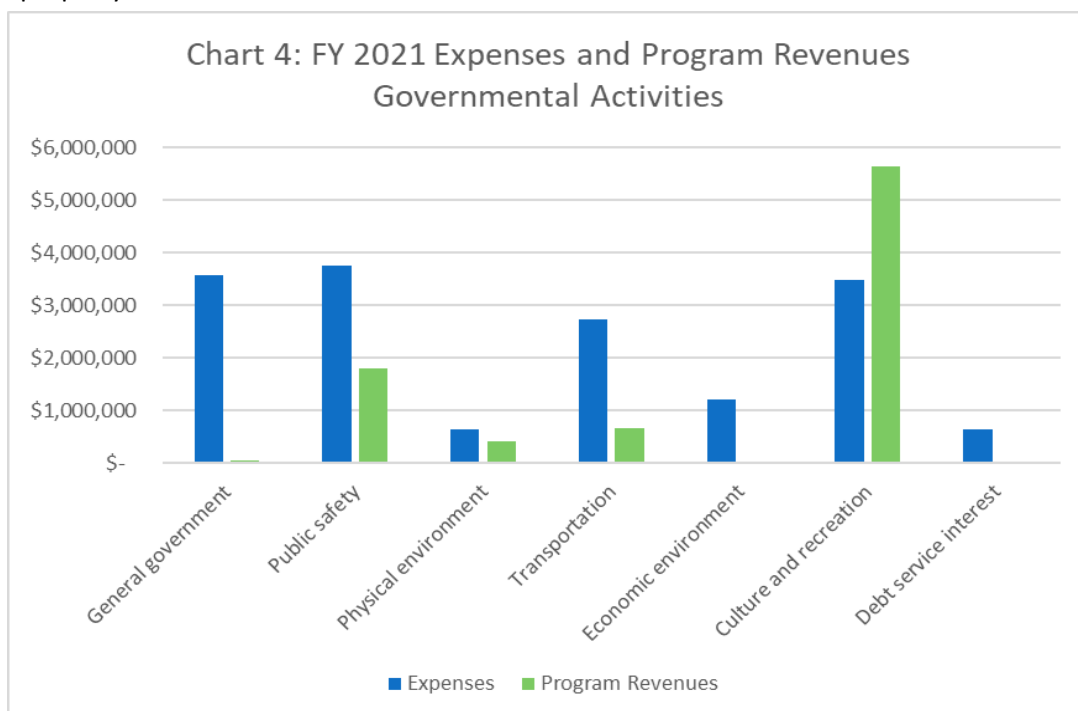


Chart 4 compares program revenues to program expenses for each category of governmental activity. Program revenues include charges for services and grants. The cost of all governmental activities this year was \$16,046,259. This cost was financed by:

- Those who directly benefit from the programs through charges for services \$2,761,617 (17% of total program expenses)
- Other governments and organizations that subsidized certain programs through operating and capital grants and contributions \$5,839,294 (36% of total program expenses)
- The remaining \$7,445,348 “public benefit” portion of governmental activities was financed with property taxes.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of September 30, 2021, the City's governmental funds reported combined ending fund balance of \$33,515,916, an increase of \$3,694,376 as compared to the prior year.

Table 3
Governmental Funds Fund Balance
As of September 30,

Fund Balance	2021	2020	Change
<i>Nonspendable:</i>			
Interfund advance	\$ 2,448,824	\$ 2,448,824	\$ -
Prepaid expenditures	113,017	2,513	110,504
<i>Restricted for:</i>			
Impact fees: park, traffic library and police	2,108,263	2,644,213	(535,950)
Other Agreements: NPEB, Stormwater, Morgans Grant, Gas Tax #2	817,875	603,446	214,429
Debt service	339,200	476,618	(137,418)
CRA Harbor	276,242	167,124	109,118
Florida Building Code Enforcement	310,750	-	310,750
<i>Committed for:</i>			
Emergency operations	3,707,539	3,655,122	52,417
Debt service	2,669,656	1,100,960	1,568,696
Emergency maintenance	3,707,539	3,655,123	52,416
Infrastructure surtax	3,408,363	-	3,408,363
Renewal & replacement	1,045,290	-	1,045,290
Technology	201,406	-	201,406
<i>Assigned for:</i>			
Encumbrances	1,282,070	3,008,503	(1,726,433)
<i>Unassigned</i>	11,079,881	12,059,093	(979,212)
Total Fund Balance	\$ 33,515,915	\$ 29,821,539	\$ 3,694,376

Fund balance of governmental funds consists of the following classifications (see table 3);

- **Nonspendable Fund Balance**: \$2,561,841 is classified as *nonspendable*, which indicates these amounts are not available to pay near-term obligations. Our current nonspendable balance includes prepaid expenditures (\$113,017) and an interfund advance from the General Fund to the CRA Town Center fund (\$2,448,824).
- **Restricted Fund Balance**: \$3,852,330 is classified as restricted. External entities, such as the State of Florida, grantors and lenders placed restrictions on the use of these funds. \$2,108,263 is impact fees which are restricted for expenditure upon “growth necessitated capital expenditures” and cannot be used to pay for operating expenses. \$817,875 has been restricted by grant and interlocal agreements. \$339,200 is in debt service accounts to be expended as per debt covenants. \$276,242 is restricted by State Statute for expenditure within the Harbor community redevelopment agency district. \$310,750 is restricted for expenditures related to enforcing Florida Building Code as per state statutes.
- **Committed Fund Balance**: \$14,739,793 is classified as committed, to indicate amounts constrained to purposes by City Council through Ordinance or Resolution. City resolution 12-20 commits the equivalent of three months operating costs to be placed into the Emergency Operations reserve (\$3,707,539), one year’s worth of debt service (\$2,669,656) is in a debt service reserve, and an equivalent to three months of operating costs is in an emergency maintenance reserve (\$3,707,539). Council has chosen to commit the Okaloosa Half Penny Local Infrastructure Surtax to specific capital projects (current fund balance of \$3,408,363.) \$1,045,290 has been committed to renew and replace certain infrastructure, capital components of facilities, and to replace capital machinery. \$201,406 is the current balance in the Technology fund to be used for hardware and software related to permits and licenses processed by the Building, Code Compliance, and Community Development departments.
- **Assigned Fund Balance**: \$1,282,070 is classified as assigned to indicate the City’s intent to use for a specific purpose. Our assigned fund balance is the current balance of encumbrances made in the form of purchase orders and/or contracts for goods and services ordered.
- **Unassigned Fund Balance**: \$11,079,881 is classified as unassigned which identifies net resources available for spending at the end of the fiscal year.

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance totaled \$26,319,436, of which \$13,296,275 is unassigned. As a measure of the general fund’s liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 85%, or approximately 10 months of the General Fund’s total operating expenditures.

The fund balance of the City’s general fund decreased \$5,204,549 during the current fiscal year from \$31,523,985 to \$26,319,436 due to the following accounting changes:

- A Special Revenue Fund was set up by council resolution to track revenue and expenditures for enforcement of Florida Building Code (August 2021).
- A Special Revenue Fund was set up to track the Okaloosa Half-Penny Local Discretionary Infrastructure Surtax which was committed for certain usage by council (January 2020).
- A Special Revenue Fund was set up for the Technology Fund, which was set by council to be funded by a percentage of permitting and license fees and which has restrictions for use.
- The Capital Projects fund was expanded to track restricted revenues governed by grant awards, interlocal agreements, and other restrictions, and to begin a renewal and replacement fund.

The total revenues of the General Fund increased \$4,024,745 from \$19,728,028 in FY 2020 to \$23,752,773 in FY 2021. This is primarily due intergovernmental revenues which doubled from \$4,050,502 in FY 2020 to \$8,053,048 in FY 2021. Intergovernmental revenues include grants from Federal, State, and local government agencies. In FY 2021 the City was awarded \$4,054,946 from the Okaloosa Tourist Development Council towards purchases of land to expand beach access.

The total expenditures of the General Fund increased \$1,486,416 because of the accounting changes mentioned above. The General Fund debt service category, however, was \$3,732,740 higher because we refunded the Series 2015A Revenue Note as part of the 2021 Series Non-Ad Valorem Refunding Revenue Note. The net of the lower operating expenditures plus the increased debt service appears as an increase to total General Fund expenditures of \$1,486,416 which is 11% higher than the previous year.

CRA Town Center Special Revenue Fund

The CRA Town Center Special Revenue fund is the second largest governmental fund. The CRA Town Center Special Revenue fund balance increased \$174,126. Ad valorem tax and tax incremental financing revenues increased \$114,437 and transfers out to debt service decreased \$241,721 down to \$731,280 for FY 2021. FY 2020 transfers out to debt service were higher for one year in order to adjust the Town Center's debt service account balance up to required levels.

2009 Revenue Note Series Debt Service Fund

The third major governmental fund this year is the Debt Service 2009 Revenue Note Series fund. The 2009 note was refunded as part of the Non-Ad Valorem Refunding Revenue Note, Series 2021. The action of paying off the \$4,079,295 balance of the 2009 note appears as a one-time increase to debt service of \$3,508,411. Now that the debt is paid off, this is the last year this fund will appear in the financial statements.

Capital Projects Fund

The fourth major governmental fund is the Capital Projects Fund. In previous years, this was used to account for bond proceeds restricted to capital projects. All the bond proceeds have now been fully expended. As mentioned above, beginning in FY 2021, accounting changes were made to track the revenue and expenditure of funds restricted to capital projects, moving balances from the general fund to this capital projects fund. \$2,926,138 of the Capital Projects Fund balance is restricted by state statute and interlocal agreements. \$1,045,290 of this fund balance has been committed by Council to address renewal and replacement of capital assets, and \$734,385 is assigned by contracts and purchase orders. The Capital Projects Fund accounted for \$7,860,360 of capital outlays during FY 2021.

Fiduciary funds. The City's fiduciary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Employee Thrift Plan had a restricted net position at September 30, 2021 of \$7,135,194. The total increase in net position was \$1,055,098. Half of this increase was from net investment income, and half was from employer contributions to the thrift plan.

GENERAL FUND BUDGETARY HIGHLIGHTS

The significant variances between the adopted General Fund budget and the final General Fund budget are as follows:

- During FY 2021, low interest rates made it a viable option to refund the General Fund's 2015 series of debt. Debt service was increased \$3.6 million offset by a transfer in from a new debt service account and the refunding was accomplished in May 2021 with the issuance of the 2021 series of debt.

- The intergovernmental revenue budget was increased each time a grant was awarded by federal, state, and county agencies, resulting in an increase of \$2.8 million. Grant expenditure budget and transfers out to the capital project fund were increased in an equal amount.
- Building permit revenue budget was reclassified from the General Fund into a newly established Florida Building Code Special Revenue Fund to better comply with Florida Statute regarding accounting for revenues and expenditures related to enforcement of Florida Building Code. Likewise, expenditures related to enforcement of Florida Building Code were also transferred from the General Fund into the new Florida Building Code fund, reducing permit revenue by approximately \$500 thousand and reducing Public Safety expenditures also approximately \$500 thousand.

The significant variances between the final budget and the year-end actual results are as follows:

Revenues

The general fund actual revenue results were \$4.3 million lower in total than budgeted, primarily attributed to the following reasons:

- Intergovernmental revenues earned were \$5.8 million lower than budgeted due to delays in accomplishing cost-reimbursement grant milestones. The combining effect of COVID manufacturing and distribution issues plus the busy tropical storm season made it difficult to acquire construction materials. In addition, labor shortages have also resulted in significant construction delays.
- Tax revenues, charges for services and license and permit revenue were higher than anticipated as follows:
 - Tax revenues were \$875,641 higher than anticipated. Half of this is attributable to the ad valorem tax collections being higher than the 95% of the levy budgeted. The other half is attributed to higher collections of sales, use, and fuel taxes due to increased travel and tourism than anticipated in our County.
 - Charges for services were \$437,279 higher than anticipated. The higher revenues were mostly due to a change in the parking fee schedule, which was expanded to include parking spaces near beach access points. In addition, the City was able to re-open many culture and recreation activities which had been closed in FY 2020 due to COVID safety restrictions.
 - License and permit revenue was \$231,844 higher than anticipated. This category includes the state half-cent sales tax and municipal sharing revenue that is collected by the state and remitted to the City.

Expenditures

The general fund actual expenditure results were \$1.9 million lower in total than budgeted primarily for the following reasons:

- Professional and contractual service expenditures were \$885 thousand lower than anticipated. The Community Development department (part of general government) had budgeted nearly \$500 thousand to accomplish a Harbor Capacity Study, but the Army Corps of Engineers agreed to subsidize the study. In addition, we had budgeted for engineering services for projects that were subsequently accomplished by our own engineering department.
- Personnel costs were over \$600 thousand lower than budgeted due to difficulties in hiring and retaining staff. A compensation and wage study has been contracted for FY 2022 in an attempt to address our difficulties to attain full staffing levels.

- Operating costs were nearly \$625 thousand lower than budgeted. This is related to inadequate staff to accomplish all planned services and is also related to difficulty attaining materials and supplies.

Additional items of interest related to the City of Destin’s budgeted expenditures:

- Sheriff’s Contract: The City provides law enforcement services through a contract with the Okaloosa County Sheriff’s Office. This contract provides for all patrol activities including, beach patrol, marine patrol, and investigations.
- Capital Outlays: The City Council approved a capital improvement plan for the fiscal year 2021 budget that reflects the immediate needs of the City. These projects include the continued work on a five-year street resurfacing plan and a five-year plan for sidewalk replacement. The majority of capital outlays are tracked in the Capital Projects fund.
- Beach Safety Patrol: For the sixteenth year, the Council approved funding (\$100,000 in 2021) to support the beach safety patrol operated by the Destin Fire Control District. The funding supports the equipment and operational needs of the patrol activities. Okaloosa County and the Okaloosa County Tourist Development Council significantly support the beach and water safety through the Destin Fire Control District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City’s investment in capital assets for its governmental activities as of September 30, 2021, was \$121,522,085 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads and sidewalks, and stormwater infrastructure. The total increase in the City’s investment in capital assets for the current fiscal year was \$7,831,265 or 7% overall, and is summarized as follows:

Table 4
Outstanding Debt
Promissory Notes and Capital Leases

	Governmental Activities			% Change 2021 vs 2020
	2021	2020	Change	
Land	\$ 34,345,353	\$ 27,619,563	\$ 6,725,790	24%
Buildings	6,809,499	7,000,676	(191,177)	-3%
Improvements other than buildings	16,437,592	16,811,905	(374,313)	-2%
Infrastructure	57,550,862	57,433,865	116,997	0%
Machinery and equipment	2,252,557	1,819,659	432,898	24%
Equipment under capital lease	282,860	282,020	840	0%
Library, media and art	132,284	93,892	38,392	41%
Construction in progress	3,711,078	2,629,240	1,081,838	41%
Total	\$ 121,522,085	\$ 113,690,820	\$ 7,831,265	7%

Major capital asset events during the current year include the following:

- Culture and Recreation: During FY 2021, the City acquired beach front land valued at \$6,725,790. The Okaloosa Tourist Development Council covered 59% of the cost of the acquisition and also supported demolition of the structures and started park design engineering. The Recreation department accomplished replacement of much of the boardwalks in the Harbor District and at certain beach access points on the Gulf.
- General Government: The Community Development department remodeled the City Hall Annex office area to add office cubicles to meet staffing needs.
- Physical Environment: A major stormwater project funded by the National Fish and Wildlife Foundation, started in FY 2016, was completed in the spring of 2021.
- Machinery and Equipment: During FY 2021, the City replaced eight vehicles that were more than fifteen years old.
- Construction in progress realized a net increase of \$1 million. Construction began at the Captain Royal Melvin Park and Heritage Plaza, which is anticipated to be completed in the spring of 2022.

Additional information on the City’s capital assets can be found in Note 7.

LONG TERM DEBT

At September 30, 2021, the City had total revenue notes payable of \$23,133,113. The majority of the City’s debt represents notes secured solely by specified revenue sources (i.e. revenue notes). The City has no general obligation or special assessment debt. For general obligation debt greater than one year, the City is required to conduct a voter referendum process for approval.

**Table 5
Outstanding Debt
Promissory Notes and Capital Leases**

Governmental Activities				
	2021	2020	Change	% Change 2021 vs 2020
Revenue notes	\$ 23,133,113	\$ 22,456,819	\$ 676,294	3%
Capital leases	165,998	166,965	(967)	-1%
Total	\$ 23,299,111	\$ 22,623,784	\$ 675,327	3%

In May 2021, the City issued the 2021 series of debt in the amount of \$9,905,000 at a rate of 1.139% for the following purposes:

- To refund the General Fund 2015 series capital improvement debt to reduce the interest rate from 2.71% on a balance of \$3,489,000.
- To refund the Harbor CRA 2009 series TIF debt to reduce the interest rate from 2.84% on a balance of \$3,597,000.
- To borrow \$2,819,000 of new funds to purchase land to expand beach access in the Crystal Beach area to be repaid using Okaloosa Half Penny revenues.

During 2021, the City paid off a capital lease for a streetsweeper (approximately \$90,00) and in accordance with GASB 87, the City recorded the long-term lease of the Morgans Sports fields (valued at approximately \$90,000).

The City has no legal debt margin requirements set forth by the City's Charter or the Florida Statutes.

Additional information on long-term debt can be found in Notes 8 through 10 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The City revenue forecast can be categorized into three major categories. The first category is recurring tax revenues, such as ad valorem and sales and use taxes. The City's ad valorem revenues have been increasing this past three years at 5-7% a year. The tax levy for FY 2022 is estimated to be over 7% higher than FY 2021. Sales and use taxes were also increasing at an average of 5% per year with the exception of FY 2020, which was down because of COVID travel restrictions and supply chain disruptions. The fuel taxes also were increasing an average of 3% a year with the exception of FY 2020. During fiscal year 2021, the sales and fuel taxes rebounded back up to the trend line. We use the estimates from the State of Florida's economic development council for budgeting purposes which suggest FY 2022 sales, use and fuel tax collections will be within 1% of the FY 2021 collections.

The second category is grants (recurring and non-recurring). The City has a strong base of approximately \$3 million/year in recurring operating grants for parks, the library, and transportation (median and streetlight maintenance). For fiscal year 2022, the City will be investing an additional \$8.6 million in non-recurring grants from Federal, State, and County sources. These additional one-time grants account for 25% of the adopted FY2022 expenditure budget of \$34 million.

The third category includes mostly non-recurring miscellaneous revenues, such as impact fees, permits, charges for services and investment income. Some of these non-recurring miscellaneous revenues tend to be fairly stable year over year, such as charges for services and license and permit fees. Some of these non-recurring miscellaneous revenues are very unpredictable as they depend upon development and national interest rates. The level of fees, and charges for services (including development-related impact fees) has an impact on the City's specific competitive ability to encourage development and redevelopment (office, retail, residential, and industrial) for those businesses that choose to locate in our jurisdiction. As the City has limited growth potential, it places great emphasis on redevelopment and it is essential for the continued financial and economic health of our community.

The City began investing heavily in new technology to expand e-government services even before the COVID pandemic. In June 2021, our e-government software "COMPASS" went live. Since offering our citizens and developers ways to attain permits and licenses online, we have cut processing time significantly. Items that previous took 40+ days to accomplish are now commonly being accomplished in 10-15 days. With faster transaction times, we are able to issue more permits and revenues are increasing.

This fall the City of Destin renegotiated the interlocal agreement with the Okaloosa County Tourist Development Council when the tourist development district was being expanded. The negotiations have resulted in an additional \$1.5 million per year commitment by the Council to the City of Destin for the next twenty years. These funds are restricted to developing tourism and must be applied for with an approved plan and then received on a cost reimbursement basis.

Unrestricted fund balance (which is comprised of committed, assigned, and unassigned fund balance) for the City totals \$29 million. Of that amount, the City of Destin appropriated \$4.1 million for spending in the 2022 fiscal year budget. Over \$3.7 million of the fund balance appropriated is earmarked for certain capital projects as part of the adopted 5-year capital improvement plan.

On the expenditure forecast side, the primary driver for increased expenditures is the grant-funded capital outlays. Capital outlays are expected to increase to \$16.6 million, which is \$5.5 million more than the \$11.1 million expended in FY 2021. Over \$5 million will be spent on development of parks, over \$2.4 million is committed to renewing and replacing older components of facilities, infrastructure and equipment, and \$2 million of grant funds will be used to address traffic issues. A facilities condition assessment will take place during FY 2022 to help us establish a more formal funding policy for the renewal and replacement fund.

The operating expenditure forecast for FY 2022 is estimated to be \$14 million. As mentioned previously, the actual operating expenditures came in lower the past few years because of difficulty attaining and retaining full staffing levels. The largest operating expenditure is for personnel. The City granted a 5% cost of living allowance (COLA) effective October 1, 2021, and has hired a well-respected firm to conduct a compensation study. The FY 2022 budget assumes a 2% MERIT increase based on performance evaluations. One part-time Code Enforcement position will be increased to a full-time position in FY 2022. Health benefit costs increased only 4% for FY2022, as opposed to 5-7% of prior years. Contractual services is the second largest operating expenditure. Labor and fuel costs are estimated to have risen 5-7% and this increase in cost is reflected in the estimated contract expenditures for FY 2022.

Regional economic indicators were also considered in preparing the 2022 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 4200 Indian Bayou Trail, Destin, Florida, 32541. The City's website address is www.cityofdestin.com.

City of Destin, Florida

Statement of Net Position

<i>September 30,</i>	2021
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,386,299
Investments	15,087,604
Restricted cash and cash equivalents	5,454,176
Accounts receivable	99,143
Due from other governments	541,675
Prepaid expenses	113,017
Capital assets, not being depreciated	38,056,431
Capital assets, net of accumulated depreciation	83,465,654
Total assets	157,203,999
Deferred outflows of resources	
Deferred charge on refunding	66,524
Total deferred outflows of resources	66,524
Liabilities	
Accounts payable	895,851
Accrued interest	127,129
Accrued payroll	188,317
Noncurrent liabilities:	
Due within one year	2,122,859
Due in more than one year	21,649,241
Total liabilities	24,983,397
Deferred inflows of resources	
Deferred revenue	1,081,831
Total deferred inflows of resources	1,081,831
Net position	
Net investment in capital assets	98,289,498
Restricted:	
Capital	2,926,138
Debt service	339,200
Florida Building Code Enforcement	310,750
Community Redevelopment	276,242
Unrestricted	29,063,467
Total net position	\$ 131,205,295

The accompanying notes are an integral part of these financial statements.

City of Destin, Florida

Statement of Activities

Year ended September 30,

2021

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,583,345	\$ 64,090	\$ -	\$ -	\$ (3,519,255)
Public safety	3,756,665	1,793,926	-	-	(1,962,739)
Physical environment	646,171	50,965	-	374,025	(221,181)
Transportation	2,739,207	505,182	164,414	336	(2,069,275)
Economic environment	1,141,935	-	-	-	(1,141,935)
Human services	64,531	-	-	-	(64,531)
Culture and recreation	3,476,834	347,454	482,584	4,817,935	2,171,139
Interest on long term debt	637,571	-	-	-	(637,571)
Total governmental activities	\$ 16,046,259	\$ 2,761,617	\$ 646,998	\$ 5,192,296	(7,445,348)

General revenues:

Taxes:

Property taxes	9,892,776
Sales, use, and fuel taxes	2,407,441
Communication services taxes	882,821
Other general taxes	190,151
Franchise fees	2,034,776
Government revenue sharing	2,258,270
Impact fees	590,174
Investment income	19,983
Miscellaneous income	50,972

Total general revenues	18,327,364
Change in net position	10,882,016
Net position, beginning of year	120,323,279
Net position, end of year	\$ 131,205,295

The accompanying notes are an integral part of these financial statements.

Balance Sheet - Governmental Funds

September 30,

2021

	General Fund	Special Revenue - CRA Town Center Fund	Debt Service - 2009 Revenue Note Series	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 9,173,201	\$ -	\$ -	\$ 1,387,398	\$ 3,825,700	\$ 14,386,299
Investments	15,087,604	-	-	-	-	15,087,604
Due from other funds	-	-	-	213,058	-	213,058
Due from other governments	541,675	-	-	-	-	541,675
Advance to other funds	2,448,824	-	-	-	-	2,448,824
Accounts receivable - other	99,143	-	-	-	-	99,143
Prepaid expenditures	113,017	-	-	-	-	113,017
Restricted cash and cash equivalents	790,549	237,406	-	3,488,707	937,514	5,454,176
Total assets	\$ 28,254,013	\$ 237,406	\$ -	\$ 5,089,163	\$ 4,763,214	\$ 38,343,796
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 451,371	\$ 4,976	\$ -	\$ 383,350	\$ 56,154	\$ 895,851
Accrued payroll	188,317	-	-	-	-	188,317
Due to other funds	213,058	-	-	-	-	213,058
Advance from other funds	-	2,448,824	-	-	-	2,448,824
Total liabilities	852,746	2,453,800	-	383,350	56,154	3,746,050
Deferred inflows of resources:						
Deferred revenue	1,081,831	-	-	-	-	1,081,831
Total deferred inflows of resources	1,081,831	-	-	-	-	1,081,831
Fund balances:						
Nonspendable	2,561,841	-	-	-	-	2,561,841
Restricted	-	-	-	2,926,138	926,192	3,852,330
Committed	10,084,733	-	-	1,045,290	3,609,770	14,739,793
Assigned	376,587	-	-	734,385	171,098	1,282,070
Unassigned (deficit)	13,296,275	(2,216,394)	-	-	-	11,079,881
Total fund balances (deficit)	26,319,436	(2,216,394)	-	4,705,813	4,707,060	33,515,915
Total liabilities, deferred inflows of resources and fund balances	\$ 28,254,013	\$ 237,406	\$ -	\$ 5,089,163	\$ 4,763,214	\$ 38,343,796

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

<u>September 30,</u>	<u>2021</u>
Total fund balance - governmental funds	\$ 33,515,915
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>	
Governmental non-depreciable assets	\$ 38,056,431
Governmental depreciable assets	144,880,213
Less accumulated depreciation	<u>(61,414,559)</u> 121,522,085
<p>Deferred amounts on refunding are not financial resources and, therefore are not reported as assets or liabilities in governmental funds. The Statement of Net Position includes these charges, net of amortization.</p>	
Deferred outflow, net of amortization	66,524
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Notes payable	(23,133,113)
Capital lease payable	(165,998)
Accrued interest	(127,129)
Compensated absences	(285,117)
Total OPEB liability	<u>(187,872)</u> (23,899,229)
<u>Total net position - governmental activities</u>	<u>\$ 131,205,295</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year ended September 30,

2021

	General Fund	Special Revenue - CRA Town Center Fund	Debt Service - 2009 Revenue Note Series	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 11,740,988	\$ 971,820	\$ -	\$ -	\$ 660,381	\$ 13,373,189
Licenses and permits	2,885,812	-	-	-	893,629	3,779,441
Impact fees	-	-	-	590,174	-	590,174
Intergovernmental	8,053,048	-	-	-	-	8,053,048
Charges for services	937,122	-	-	-	-	937,122
Fines and forfeitures	79,829	-	-	-	-	79,829
Investment income	5,019	1,004	440	9,722	3,798	19,983
Contributions	1,867	-	-	-	-	1,867
Miscellaneous income	49,088	-	-	1,884	-	50,972
Total revenues	23,752,773	972,824	440	601,780	1,557,808	26,885,625
Expenditures						
General government	3,326,707	-	-	-	76,477	3,403,184
Public safety	2,996,101	-	-	-	756,894	3,752,995
Physical environment	142,017	-	-	-	-	142,017
Transportation	1,663,328	-	-	-	-	1,663,328
Economic environment	13,209	67,418	-	-	27,273	107,900
Human services	64,531	-	-	-	-	64,531
Culture and recreation	2,854,316	-	-	-	-	2,854,316
Capital outlay	268,117	-	-	7,860,360	3,031,887	11,160,364
Debt service:						
Principal	4,124,986	-	3,986,827	-	1,206,879	9,318,692
Interest	117,397	-	92,468	-	508,076	717,941
Total expenditures	15,570,709	67,418	4,079,295	7,860,360	5,607,486	33,185,268
Excess (deficiency) of revenues over expenditures	8,182,064	905,406	(4,078,855)	(7,258,580)	(4,049,678)	(6,299,643)
Other financing sources (uses)						
Proceeds from issuance of long-term debt	-	-	-	-	9,905,000	9,905,000
Proceeds from issuance of capital lease	89,019	-	-	-	-	89,019
Transfers in	3,682,536	-	4,393,315	11,920,061	9,591,727	29,587,639
Transfers out	(17,158,168)	(731,280)	(453,927)	-	(11,244,264)	(29,587,639)
Total other financing sources (uses)	(13,386,613)	(731,280)	3,939,388	11,920,061	8,252,463	9,994,019
Net change in fund balances	(5,204,549)	174,126	(139,467)	4,661,481	4,202,785	3,694,376
Fund balances (deficit), beginning of year	31,523,985	(2,390,520)	139,467	44,332	504,275	29,821,539
Fund balances (deficit), end of year	\$ 26,319,436	\$ (2,216,394)	\$ -	\$ 4,705,813	\$ 4,707,060	\$ 33,515,915

The accompanying notes are an integral part of these financial statements.

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund
Balances - Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	2021
Net change in fund balances - total governmental funds	\$ 3,694,376
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Position.	11,160,364
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Activities.	(3,329,099)
Proceeds from issuances of debt provide current financial resources to governmental funds, by issuing debt increases long-term liabilities in the Statement of Net Position.	
Revenue note	\$ (9,905,000)
Capital lease	(89,019)
	(9,994,019)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal payments	9,318,692
Amortization of bond premium	(6,623)
Change in compensated absences	(32,371)
Change in total OPEB liability	(10,828)
Change in accrued interest on long-term debt	81,524
	9,350,394
Change in net position - governmental activities	\$ 10,882,016

The accompanying notes are an integral part of these financial statements.

**Statement of Revenue, Expenditures and Changes in Fund Balance -
Budget to Actual - General Fund**

Year ended September 30,

2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 10,865,347	\$ 10,865,347	\$ 11,740,988	\$ 875,641
Licenses and permits	3,158,624	2,653,968	2,885,812	231,844
Impact fees	33,500	33,500	-	(33,500)
Intergovernmental	11,080,651	13,906,412	8,053,048	(5,853,364)
Charges for services	499,843	499,843	937,122	437,279
Fines and forfeitures	27,520	27,520	79,829	52,309
Investment income	18,001	18,001	5,019	(12,982)
Contributions	-	-	1,867	1,867
Miscellaneous income	4,500	4,500	49,088	44,588
Total revenues	25,687,986	28,009,091	23,752,773	(4,256,318)
Expenditures				
General government	4,999,497	4,306,155	3,326,707	979,448
Public safety	3,584,206	3,055,105	2,996,101	59,004
Physical environment	56,737	206,732	142,017	64,715
Transportation	2,105,683	2,024,915	1,663,328	361,587
Economic environment	25,000	15,000	13,209	1,791
Human services	115,000	101,254	64,531	36,723
Culture and recreation	3,105,223	3,460,188	2,854,316	605,872
Capital outlay	84,230	118,621	268,117	(149,496)
Debt service:				
Principal	430,544	4,107,544	4,124,986	(17,442)
Interest	114,369	115,054	117,397	(2,343)
Total expenditures	14,620,489	17,510,568	15,570,709	1,939,859
Excess (deficiency) of revenues over expenditures	11,067,497	10,498,523	8,182,064	(2,316,459)
Other financing sources (uses)				
Proceeds from issuance of capital lease	-	-	89,019	89,019
Transfers in	-	3,682,536	3,682,536	-
Transfers out	(15,393,114)	(19,014,316)	(17,158,168)	1,856,148
Net other financing sources (uses)	(15,393,114)	(15,331,780)	(13,386,613)	1,945,167
Net change in fund balance	(4,325,617)	(4,833,257)	(5,204,549)	(371,292)
Fund balance, beginning of year	31,523,985	31,523,985	31,523,985	-
Fund balance, end of year	\$ 27,198,368	\$ 26,690,728	\$ 26,319,436	\$ (371,292)

The accompanying notes are an integral part of these financial statements.

**Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual -
Community Redevelopment Agency - Town Center Special Revenue Fund**

	2021			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 978,886	\$ 978,886	\$ 971,820	\$ (7,066)
Investment income	-	-	1,004	1,004
Total revenues	978,886	978,886	972,824	(6,062)
Expenditures				
Economic environment	92,800	134,425	67,418	67,007
Capital outlay	10,000	10,000	-	10,000
Total expenditures	102,800	144,425	67,418	77,007
Excess of revenues over expenditures	876,086	834,461	905,406	70,945
Other financing uses				
Transfers out	(731,280)	(731,280)	(731,280)	-
Total other financing uses	(731,280)	(731,280)	(731,280)	-
Net change in fund balance	144,806	103,181	174,126	70,945
Fund balance (deficit), beginning of year	(2,390,520)	(2,390,520)	(2,390,520)	-
Fund balance (deficit), end of year	\$ (2,245,714)	\$ (2,287,339)	\$ (2,216,394)	\$ 70,945

The accompanying notes are an integral part of these financial statements.

Statement of Plan Net Position - Pension Trust Fund

<i>September 30,</i>	2021
Assets	
Cash and cash equivalents	\$ 799,382
Investments, at fair value	
Mutual funds	6,335,812
<hr/>	
Total assets	\$ 7,135,194
<hr/>	
Net position	
Restricted for pensions	\$ 7,135,194
<hr/>	

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Plan Net Position - Pension Trust Fund

<i>Year ended September 30,</i>	2021
Additions	
Employer contributions	\$ 450,743
Net investment income	1,102,987
Total additions	1,553,730
Deductions	
Administrative expenses	6,525
Benefits and other withdrawals	492,107
Total deductions	498,632
Change in net position	1,055,098
Net position, beginning of year	6,080,096
Net position, end of year	\$ 7,135,194

The accompanying notes are an integral part of these financial statements.

NOTE 1: NATURE OF ORGANIZATION & REPORTING ENTITY

The City of Destin, Florida (the "City") was established as a municipality on November 9, 1984. The City's original charter was enacted as Chapter 84-422, Laws of Florida, on June 25, 1984. The present charter was certified November 9, 1984 by referendum. The City operates under a Council-Manager form of government and provides the following services: public safety (law enforcement and protective inspections), transportation (road and street facilities), culture and recreation (library, community center, parks and recreation, and special events), physical environment (cemetery), and general governmental services (including planning and zoning).

As required by generally accepted accounting principles (GAAP), these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Blended component units are legally separate entities, but are in substance a part of the City's operations and therefore the data from these units are combined with the data from the primary government. The City has two blended component units as described below:

- The Community Redevelopment Agency (CRA) - Town Center Special Revenue Fund is governed by the members of the City Council. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated town center area. The CRA - Town Center is reported as a special revenue fund using the blended method. Separate financial information for the CRA - Town Center can be obtained from the City.
- The Community Redevelopment Agency - Harbor Special Revenue Fund is governed by the members of the City Council. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated harbor area. The CRA - Harbor is reported as a special revenue fund using the blended method. Separate financial information for the CRA - Harbor can be obtained from the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements - Government-wide financial statements, including the statement of net position and statement of activities, present information about the City as a whole. These statements include the non-fiduciary financial activity of the primary government.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Government-wide Financial Statements (Continued)**

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function. Depreciation expense is allocated to the department where the related asset is used.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the City.

The effects of non-fiduciary interfund activity have been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

The government-wide financial statements are prepared using the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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

Fund Financial Statements - Fund financial statements report detailed information about the City in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues as available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

For this purpose, the City considers grant revenues to be available if they are collected within six months of the end of the fiscal year. For all other revenues, the period is 60 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments which are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the City's policy to use committed resources first, followed by assigned resources, and then unassigned resources as they are needed.

The City reports the following major funds:

General Fund - This is the City's primary operating fund. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Community Redevelopment Agency - Town Center Special Revenue Fund - This fund is used to account for the proceeds of specific revenues (Tax Increment Financing Trust Funds) and the redevelopment activities relating to the City of Destin CRA Town Center.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

Pension Trust Fund - This fund is accounted for using the accrual basis of accounting. The Pension Trust Fund accounts for the assets of the City's Employee Thrift Plan.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For financial statement purposes, the City considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Deposits and Investments

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

As governed by the Florida Statute 218 and the City's investment policy, the City is authorized to invest available surplus funds in investments including money market instruments, certificates of deposit, U.S. Treasury notes, U.S. agency bonds, mortgaged backed securities, investment grade corporate bonds, and asset backed securities. These investments may be bundled into mutual funds which hold only these types of investments or a portfolio with an investment manager that trades these types of investment instruments in a structured manner to enhance overall portfolio return. Investments are stated at fair value. U.S. Treasury notes and U.S. agency and instrumentalities obligations are valued at quoted market prices.

The City's investments and portfolio allocation is determined by the City Council. The portfolio of investments is maintained by the Finance Director who provides a portfolio report quarterly to the Board. The report provides a breakdown of the portfolio as well as its overall performance.

Pension Trust Funds may invest in direct obligations of the United States Government or other obligations unconditionally guaranteed by the United States Government, collateralized interest-bearing time deposits or savings accounts in state or federal banks or savings and loan associations, bonds, or indebtedness of United States corporations rated BAA or better, stocks of U.S. corporations which are listed on the national stock exchanges (limited to 50% of the assets of the fund) and investment accounts maintained by major national banks and insurance companies given the top rating by Best.

Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements and Disclosures (Continued)

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the assets or liabilities; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at September 30, 2021.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and equities - Valued at the closing price reported on the active market in which the individual securities are traded.

Corporate and government bonds - Valued at the closing price reported on the active markets in which the individual securities are traded.

Common trust funds - Valued at the net asset value (NAV) of shares held at year end or as determined by the investment managers.

Alternative investments - Valued at the NAV of shares held at year end or as determined by the investment managers.

Certificates of Deposit - Valued at fair value.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements and Disclosures (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City assess the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, if any, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

All receivables are shown net of an allowance for uncollectibles. At September 30, 2021, the City considers all receivables collectible and accordingly does not have an allowance.

Property Taxes

The City’s ad valorem taxes are assessed by the Okaloosa County Property Appraiser and collected by the Okaloosa County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30th because, though legally assessed as of January 1st, they are not due and payable until after the close of the current fiscal year. The following is the current property tax calendar:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Property Taxes (Continued)***

Lien date	January 1, 2020
Levy date	November 1, 2020
Due date	March 31, 2021
Delinquency date	April 1, 2021

Discounts of 1% for each month taxes are paid prior to March 2021 are granted. Revenue recognition criteria for property taxes under GASB requires that only property taxes expected to be collected within 60 days of the current period be accrued. Property taxes which are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable at the balance sheet date.

Capital Assets

Expenditures for capital assets acquired or constructed for general City purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Donated capital assets received in a service concession arrangement are reported at acquisition value.

Capital assets are defined by the City as assets with an initial cost more than the following:

Land	All
Buildings and improvements	\$10,000
Infrastructure	\$10,000
Improvements - other	\$10,000
Equipment	\$1,000

Interest costs incurred during construction of general capital assets are not considered material and are not capitalized as part of the construction.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is expensed as incurred.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Assets	Years
Buildings	20 - 50 years
Improvements other than buildings	10 - 50 years
Machinery, equipment and vehicles	5 -10 years
Infrastructure	20 - 40 years
Books, publications, etc.	5 -10 years
Leases assets	Term is equal to life of lease

Compensated Absences

The policy of the City for sick and vacation leave, as originally adopted on August 1, 1988, and last amended November 2, 2020, is as follows:

Sick Leave

Sick leave is earned at the rate of one day per month for full-time employees and full-time probationary employees who have completed 30 days of service.

There is no limit to the amount of sick leave that an employee may accumulate. Upon separation of employment, all accrued sick leave is forfeited; therefore, sick pay benefits that have been earned are not accrued, but rather recorded as an expenditure when used by City employees.

Vacation Leave

All full-time employees, excluding those classified as temporary, are permitted to accumulate earned but unused annual vacation leave to their account after satisfactorily completing a probationary period. Upon approval, once an employee completes their probationary period, he/she may use vacation leave as accrued. An employee can accrue up to 240 hours of vacation leave. The employee can be paid for such leave upon separation, if he/she has successfully completed the probationary period.

An employee shall accrue vacation leave based upon the number of years the employee has worked for the City. All service must be continuous to be credited toward accumulated vacation leave.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Compensated Absences (Continued)*****Vacation Leave (Continued)**

Vacation leave is earned as follows:

Years of Employment	Days Accrued per Year
0 - 3 years	10
4 - 7 years	12
8 - 12 years	15
13 or more years	18

If there has been a break in service of 15 working days or more, the employee, upon reinstatement or reemployment, will begin earning annual leave as a new employee. Vacation leave is earned from the first of the month in which the employee begins work, if the starting date occurs between the first and fifteenth of the month. Employees beginning employment after the fifteenth will begin earning leave from the first day of the month following their employment.

Regular employees who resign or are terminated in good standing shall receive pay for their accrued and unused annual leave. Only a full calendar month of employment will be considered in computing vacation leave and will be based upon the employee's regular rate of pay at separation. At September 30, 2021, the City had \$267,235 recorded as accumulated vacation leave.

Compensatory Leave

Compensatory leave is accrued at one hour for every hour worked in excess of 40 for the week. Following an initial probationary period, an employee can use accumulated compensatory time as accrued. The maximum number of hours of compensatory leave that can be carried over from one calendar year to the next is 160 hours. There is no limit (other than limitations as a result of the calendar year roll-over limitation) on the number of hours of accumulated compensatory leave to be paid out to employees who resign or are terminated in good standing. All compensatory leave is liquidated in the General Fund. At September 30, 2021, the City had \$17,882 recorded as accumulated compensatory leave.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current period expenses.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Long-term Obligations (Continued)***

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Other Benefits

The Postemployment Healthcare Benefits Plan (Plan) is a single employer deferred benefit plan administered by the City. Former employees who retire from the City, and eligible dependents, may continue to participate in the City's plan for medical, and prescription drug coverage. Retirees are allowed to elect to continue with the Plan and are required to contribute their premiums in full.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2021, the City had \$66,524 recorded as deferred charge on refunding.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2021, the City had recorded as deferred revenue, \$1,081,831 of payments received prior to September 30, 2021 for 2022 including business licenses, \$262,290 of payments received prior to September 30, 2021 for sidewalk infrastructure costs not yet incurred and \$790,549 for the American Rescue Plan Act's State and Local Fiscal Recovery Funds received but not yet expended.

Fund Equity

In the fund financial statements, governmental funds report equity as fund balance. The following is a description of the City's various fund balance accounts:

Nonspendable - Amounts that are not in a spendable form (prepaid insurance and advances to other funds, for example) or are legally or contractually required to be maintained intact.

Restricted - Amounts that are constrained by external parties constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of the resource provider.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Committed - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the government's highest level of decision-making authority which is the City Council. Commitments may be changed or lifted only by the government taking the same formal action (resolution) that imposed the constraint originally.

Assigned - Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body (the City Council) or by an official or body (the City Manager) to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. At the end of each fiscal period the Council commits an amount of fund balance for encumbrances which represent outstanding purchase orders intended to be fulfilled.

Unassigned - The residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned also contains deficit fund balances for government funds other than the general fund. Unassigned amounts are technically available for any other purpose.

Net Position

Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to property, plant and equipment, net of any related debt. Restricted net position represents the net position restricted by external parties, constitutional provisions or enabling legislation.

Use of Estimates

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

Budgetary Information

Budgets are adopted on a basis consistent with GAAP for the current fiscal year. For the year ended September 30, 2021, annual appropriated budgets were adopted by ordinance for all governmental funds. All appropriations lapse at year-end except for appropriations related to multi-year capital projects.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

The City follows these procedures to establish the budgetary data reflected in the financial statements:

1. Prior to September 1st, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and revenue sources. The City Council requires changes as deemed necessary, sets proposed millages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.
2. Proposed budgets are advertised in a newspaper of general circulation in the City. Public hearings are conducted for the purpose of receiving input, responding to complaints, and providing reasons and explanations for intended actions to all citizens participating.
3. Prior to October 1st, the budgets for all governmental funds are legally enacted through passage of an ordinance. Budget amendments are periodically passed through resolutions during the fiscal year. Budgeted beginning fund balance in the accompanying financial statements reflects planned utilization of prior years unassigned fund balance to the level required to accomplish current year objectives.
4. Budgetary control (the level which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year.
5. Budgeted amounts reflected in the financial statements are originally adopted amounts as amended by the City Council or by City Manager in accordance with applicable City ordinances.
6. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are included in the reported components of fund balances and do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year.

NOTE 3: INVESTMENTS

The City's investments at September 30, 2021, consist of the following:

Investments - Governmental Funds	Maturity	Rating	Fair Value
US Treasuries	04/15/22-11/15/29		\$ 1,585,479
Mortgage and Asset backed securities	10/01/21-04/01/40	AA+ to AAA	9,429,411
Investment grade corporate bonds	03/15/22-12/15/30	BBB to AA+	2,544,714
FDIC Insured certificates of deposit	10/18/21-06/30/23		1,528,000
Total investments - governmental funds			\$ 15,087,604

Investments - Pension Funds	Fair Value
AMCAP Fund, Class A shares	\$ 613,076
The Bond Fund of America, Class A shares	4,775,723
Capital Income Buildinger Fund, Class A shares	1,202,161
Europacific Growth Fund, Class A shares	1,150,176
Intermediate Bond Fund of America, Class A	467,029
The Investment Company of America, Class A	2,195,657
Short-term Bond Fund of America, Class A	230,140
Total investments - pension fund	\$ 10,633,962

These investments are classified as Level 1.

Credit Risk

- Section 218.415(17), Florida Statutes, limits investments to the State Board of Administration Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; investments in interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. The City has established an investment policy in accordance with 218.415, Florida Statutes. The investment choices are listed in the City's policy and conform to the provisions of 218.415(16). The certificates of deposits are with a wide number of qualified public depositories to ensure they are all fully insured by the FDIC.

Interest Rate Risk

- Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. Although it has no formal policy, the City minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and maintains significant amounts of investments in short-term securities.

NOTE 3: INVESTMENTS (Continued)

Custodial Credit Risk

- For an investment, custodial credit risk is the risk that the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City has no formal policy for custodial risk. At September 30, 2021, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk

- Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. The City does not have a formal policy that requires diversification of the portfolio with maximum limits per investment type. At September 30, 2021, the City held 15%, 18% and 11% of its investment balance in Freddie Mac, Fannie Mae, and U.S. Treasury notes, respectively.

NOTE 4: RECEIVABLES

Receivables at September 30, 2021, were composed of the following:

	General Fund
Developer Fee	\$ 63,821
Other	35,322
	<u>\$ 99,143</u>

NOTE 5: DUE FROM OTHER GOVERNMENTS

The amount due from other governments at September 30, 2021, were composed of the following:

	General Fund
Federal:	
RESTORE Captain Royal Melvin Park Capital Grant	\$ 455,500
State of Florida:	
FDEP Operating Frant Leonarde Destin Park	86,175
	<u>\$ 541,675</u>

Notes to Financial Statements

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS

The following is a summary of Interfund payables and receivables reported in the fund financial statements.

	Receivable	Payable
General Fund	\$ -	213,058
Capital Project Fund	213,058	-
	\$ 213,058	213,058

The general fund advanced funds to the CRA Town Center Special Revenue Fund in order to pay for debt.

	Advance From	Advance To
General Fund	\$ 2,448,824	-
CRA Town Center Special Revenue Fund	-	2,448,824
	\$ 2,448,824	2,448,824

All transfers are routine and are consistent with the activities of the funds making the transfer. The following presents the interfund transfers for the year ended September 30, 2021:

	Transfers in	Transfers out
General Fund (1)	\$ 3,682,536	17,158,168
CRA Town Center (2)	-	731,280
CRA Harbor (3)	-	524,678
Florida Building Code (4)	258,921	88,818
Technology (5)	319,389	-
Okaloosa Half-Penny (5)	6,622,305	127,000
2009 Debt Service Fund (6)	4,393,315	453,927
2013 Debt Service Fund (7)	555,913	-
2014 Debt Service Fund (8)	731,280	-
2021 Debt Service Fund (9)	1,103,919	10,503,768
Capital Project Funds (10)	11,920,061	-
	\$ 29,587,639	29,587,639

NOTE 6: INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS (Continued)

- (1) The General Fund transferred \$11,920,061 to the Capital Project Funds, \$1,728,654 to the Okaloosa Half Penny Special Revenue Fund, \$555,913 to the 2013 Debt Service Fund, \$258,921 to the Florida Building Code Fund, \$370,206 to the 2021 Debt Service Fund, and \$82,071 to the Technology Special Revenue Fund. The General Fund received \$3,682,536 from the 2021 Debt Service Fund when the 2021 debt was issued to pay off the 2015 series of debt. The General Fund also transferred \$2,242,342 to establish the Florida Building Code Fund, the Technology Fund and the Okaloosa Half Penny Fund.
- (2) The CRA Town Center Special Revenue Fund transferred \$731,280 to the 2014 Debt Service Fund to meet debt service requirements.
- (3) The CRA Harbor Special Revenue Fund transferred \$371,892 to the 2009 Debt Service Fund and \$152,786 to the 2021 Debt Service Fund to meet debt service requirements.
- (4) The Florida Building Code Fund was established during FY 2021 with a starting balance of \$258,921 which represents the net income accumulated from fiscal year 2019 to best comply with Florida Statute 553.80. The Florida Building Code Fund transfers 10% of building permit revenue (\$88,818) to a Technology Special Revenue Fund.
- (5) The 2021 Debt Service Fund transferred \$2,799,809 to the Okaloosa Half Penny Special Revenue Fund to acquire land. The Okaloosa Half Penny special revenue fund transferred \$127,000 to the 2021 Debt Service Fund to meet debt service requirements. The General Fund transferred \$1,728,654 of infrastructure surtax revenue to the Okaloosa Half Penny Special Revenue Fund and \$170,889 (10% of permit and license revenues) to the Technology Fund. The General Fund also transferred \$1,922,953 to establish these funds.
- (6) The 2009 Debt Service Fund applied its full accumulated fund balance of \$453,927 towards the closing for the 2021 refunding revenue note, and received \$4,393,315 to pay off the 2009 refunding revenue note.
- (7) The 2013 Debt Service Fund received \$555,913 from the General Fund to meet debt service requirements.
- (8) The 2014 Debt Service Fund received \$731,280 from the CRA Town Center Special Revenue Fund to meet debt service requirements.
- (9) The 2021 Debt Service Fund transferred out \$10,503,768 to pay off the 2009 debt series, to pay off the 2015 debt series, and to acquire land in the Crystal Beach area of Destin. The General Fund, the Okaloosa Half Penny Special Revenue Fund, and the CRA Harbor Special Revenue Fund transferred in \$1,103,919 to the 2021 Debt Service Fund to meet debt service requirements.
- (10) The General Fund transferred \$11,920,061 to the Capital Project Funds. This amount includes \$5,200,657 of capital grant revenue earned.

Notes to Financial Statements

NOTE 7: CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended September 30, 2021 are shown below:

	Balance 09/30/2020	Additions	Deletions/ Reclassifications	Balance 09/30/2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 27,619,563	6,725,790	-	34,345,353
Construction in progress	2,629,240	4,434,574	(3,352,736)	3,711,078
Total capital assets, not being depreciated	30,248,803	11,160,364	(3,352,736)	38,056,431
Capital assets, being depreciated				
Buildings	12,817,267	138,502	-	12,955,769
Improvements other than buildings	38,612,851	535,554	-	39,148,405
Infrastructure	84,166,845	1,816,657	-	85,983,502
Machinery, equipment, vehicles	4,698,543	722,458	-	5,421,001
Leased assets	392,536	89,019	-	481,555
Library media and art	839,435	50,546	-	889,981
Total capital assets, being depreciated	141,527,477	3,352,736	-	144,880,213
Less accumulated depreciation for:				
Buildings	(5,816,591)	(329,679)	-	(6,146,270)
Improvements other than Buildings	(21,800,946)	(909,867)	-	(22,710,813)
Infrastructure	(26,732,980)	(1,699,660)	-	(28,432,640)
Machinery, equipment, vehicles	(2,878,884)	(289,560)	-	(3,168,444)
Leased assets	(110,516)	(88,179)	-	(198,695)
Library media and art	(745,543)	(12,154)	-	(757,697)
Total accumulated depreciation	(58,085,460)	(3,329,099)	-	(61,414,559)
Total capital assets, being depreciated, net	83,442,017	23,637	-	83,465,654
Governmental-Type activities capital assets, net	\$ 113,690,820	11,184,001	(3,352,736)	121,522,085

Amortization of equipment under capital leases is included with depreciation expense in the financial statements. Depreciation expense for the year ended September 30, 2020, totaled \$3,329,099 for governmental activities. Depreciation expense was allocated to specific functions as follows:

Function	Depreciation
General government	\$ 105,288
Public safety	6,490
Physical environment	494,317
Transportation	1,040,427
Economic environment	1,023,208
Culture and recreation	659,369
Total	\$ 3,329,099

Notes to Financial Statements

NOTE 8: CHANGES IN LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Harbor CRA Second Replacement Series 2009 Note As Restructured	\$ 3,986,827	-	(3,986,827)	-	-
Capital Improvement Refunding Revenue Note, Series 2013	5,095,650	-	(401,139)	4,694,511	412,531
Town Center Area Redevelopment Refunding Revenue Note, Series 2014	9,339,342	-	(412,740)	8,926,602	427,021
Refunding Revenue Note, Series 2015A	4,035,000	-	(4,035,000)	-	-
Refunding Revenue Note, Series 2021	-	9,905,000	(393,000)	9,512,000	1,200,000
Capital Leases	166,965	89,019	(89,986)	165,998	83,307
	<u>22,623,784</u>	<u>9,994,019</u>	<u>(9,318,692)</u>	<u>23,299,111</u>	<u>2,122,859</u>
Compensated absences, net	252,746	204,293	(171,922)	285,117	-
Other post employment benefits payable	177,044	24,071	(13,243)	187,872	-
	<u>429,790</u>	<u>228,364</u>	<u>(185,165)</u>	<u>472,989</u>	<u>-</u>
	<u>\$ 23,053,574</u>	<u>10,222,383</u>	<u>(9,503,857)</u>	<u>23,772,100</u>	<u>2,122,859</u>

*Compensated absences and other postemployment benefits payable are liquidated from the general fund which pays over 95% of personnel expenditures. Capital leases and Note Series 2015A are paid out of the general fund, Revenue Note Series 2009 is paid out of the 2009 Revenue Note Series Fund, Revenue Note Series 2013 is paid out of the 2013 Revenue Refunding Note Series Fund, the Notes Series 2014 is paid out of the 2014 Revenue Refunding Note Series Fund and the Note Series 2021 is paid out of the 2021 Revenue Refunding Note Series Fund.

NOTE 9: NOTES PAYABLE*Harbor CRA Second Replacement, Series 2009 Note, As Restructured September 18, 2015*

On August 25, 2009, the City closed on an \$8,500,000 note payable issued through the Harbor CRA. Interest payments are due semiannually on January 31 and July 31 with the principal payments due on July 31. On August 18, 2015, the City elected to restructure the note a second time in order to avoid the adjustment in interest rate from 4.2% to the market rate in fiscal year 2014. The interest rate is set at 2.84%, upon restructuring the remaining balance of \$5,709,446. The final payment was due on July 31, 2029. This note payable was refunded in 2021 as part of the issuance of the Note Series 2021.

NOTE 9: NOTES PAYABLE (Continued)

Capital Improvement Refunding Revenue Note, Series 2013

Effective August 26, 2013, the City closed on a \$7,610,000 note payable with STI Institutional & Government, Inc. Interest payments are due semiannually on February 1 and August 1. The note carries an interest rate of 3.04%. The final payment is due on August 1, 2031.

The Capital Improvement Revenue Note, Series 2013 ordinance provides for:

- A. Refunding certain outstanding debt of the City
The net proceeds of the Series 2013 revenue note were used to refund the Capital Improvement Revenue Bonds, Series 2002.
- B. Pledging the pledged funds to secure payment
The communication service tax and the half-cent sales tax were both pledged to secure payment of the principal and interest.
- C. Making certain other covenants and agreements in connection therewith
The City pledged to appropriate and budget adequate funds each year to make agreed-upon payments to the lender. The City deposits one-sixth (1/6) of interest coming due and one-twelfth (1/12) of principal coming due in a debt service fund bank account. The City covenants that in the case additional parity obligations are issued, the amount of pledged revenues will not be less than 1.4 of the maximum bond service requirements coming due. This ratio was 4.6 as of September 30, 2021.

Town Center Area Redevelopment Refunding Revenue Note, Series 2014

Effective March 11, 2014, the City closed on a \$11,871,000 note payable with Compass Mortgage Corporation (BBVA). BBVA was acquired by PNC Bank in 2021. Interest payments are due semiannually on December 1 and June 1 with principal payments due on June 1. The note carries an interest rate of 3.41%. In June 2015, the note was refinanced to extend the repayment period by ten years. The final payment is now due on June 1, 2037.

The Town Center Area Redevelopment Refunding Revenue Note, Series 2014 ordinance provides for:

- A. Refunding certain outstanding obligations of the Community Redevelopment Agency of the City of Destin
The net proceeds of the Series 2014 revenue note were used to refund the Town Center Area Redevelopment Revenue Bonds Series 2005.
- B. Pledging the pledged funds to secure payment
The City covenants to budget and appropriate non-advalorem revenues to pay principal and interest. Although non-ad valorem revenues are pledged, the City is using the Town Center CRA's ad-valorem tax increment revenues to make the actual payments.

NOTE 9: NOTES PAYABLE (Continued)

Refunding Revenue Note, Series 2015A

Effective September 18, 2015, the City closed on a \$5,427,000 note payable issued for the purpose of refunding certain outstanding debt of the City. Interest payments are due semiannually on May 1 and November 1 with the principal payments due on November 1. The note carries an interest rate of 2.71%. The final payment was due on November 1, 2029. The net proceeds of the Series 2015 revenue note were used to refund the Florida Municipal Loan Revenue Bonds, Series 2005B. This note payable was refunded in 2021 as part of the Note Series 2021.

Non-Ad Valorem Refunding Revenue Note, Series 2021

Effective May 21, 2021, the City closed on a \$9,905,000 note payable with Key Government Finance, Inc. Interest and principal payments are made monthly. The note carries an interest rate of 1.139% and the final payment is due March 15, 2029.

The Non-Ad Valorem Refunding Revenue Note Series 2021 ordinance provides for:

- A. Financing the Acquisition of Certain Real Property within the City to be Used to Expand Public Beach Access
The 2021 series included \$2,819,000 of new debt to assist in the acquisition of two parcels of land in the Crystal Beach area that will be used to expand public beach access. Council has committed Okaloosa Half Penny local discretionary infrastructure surtax funds to increasing public beach access, and these funds will be used to repay this portion of the debt.
- B. Refunding certain debt obligations
The 2021 series refunded the Non-Ad Valorem Refunding Revenue Note, Series 2015A which was paying 2.71% and was scheduled to mature November 1, 2029 (\$3,489,000), and the Harbor CRA Second Replacement, Series 2009 Note, As Restructured September 19, 2015 which was paying 2.84% and was scheduled to mature July 31, 2029 (\$3,597,000).
- C. Pledging certain funds to secure payment
This note is secured by the City's covenant to budget and appropriate Non-Ad Valorem Revenues and is subject to an anti-dilution test. The anti-dilution test states that net available non-ad valorem revenues should be maintained at 1.25 or higher of maximum annual debt service. This ratio was 4.6 as of September 30, 2021.

Notes to Financial Statements

NOTE 9: NOTES PAYABLE (Continued)

Principal and interest amounts due on notes payable are as follows:

Year ending September 30,			
<i>Non-Ad Valorem Refunding Revenue Note, Series 2021</i>			
	Principal	Interest	Total
2022	\$ 1,200,000	102,077	1,302,077
2023	1,208,000	88,404	1,296,404
2024	1,232,000	74,514	1,306,514
2025	1,236,000	60,482	1,296,482
2026	1,259,000	46,259	1,305,259
2027-2029	3,377,000	52,055	3,429,055
Subtotal	\$ 9,512,000	423,791	9,935,791

Year ending September 30,			
<i>Town Center Area Redevelopment Refunding Revenue Note, Series 2014</i>			
	Principal	Interest	Total
2022	\$ 427,021	304,397	731,418
2023	441,795	289,836	731,631
2024	457,081	274,771	731,852
2025	472,896	259,184	732,080
2026	489,258	243,058	732,316
2027-2031	2,712,232	953,187	3,665,419
2032-2036	3,215,052	457,625	3,672,677
2037	711,267	24,254	735,521
Subtotal	\$ 8,926,602	2,806,312	11,732,914

Year ending September 30,			
<i>Capital Improvement Refunding Revenue Note, Series 2013</i>			
	Principal	Interest	Total
2022	\$ 412,531	142,713	555,244
2023	424,247	130,172	554,419
2024	436,296	117,275	553,571
2025	448,687	104,012	552,699
2026	461,429	90,372	551,801
2027-2031	2,511,321	233,307	2,744,628
Subtotal	\$ 4,694,511	817,851	5,512,362

NOTE 9: NOTES PAYABLE (Continued)

GRAND TOTAL			
	Principal	Interest	Total
2022	\$ 2,039,552	549,187	2,588,739
2023	2,074,042	508,412	2,582,454
2024	2,125,377	466,560	2,591,937
2025	2,157,583	423,678	2,581,261
2026	2,209,687	379,689	2,589,376
2027-2031	8,600,553	1,238,549	9,839,102
2032-2036	3,215,052	457,625	3,672,677
2037	711,267	24,254	735,521
Total	\$ 23,133,113	4,047,954	27,181,067

NOTE 10: CAPITAL LEASE

In April 2017, the City entered into a lease agreement as lessee to finance the acquisition of a Pipehunter Comibination Jetter. The lease agreement qualified as a capital lease for accounting purposes as the result of the transfer of title at the end of the lease term. The lease was recorded at the present value of the future minimum lease payments using the lease terms stated rate of 3.53%. The original principal amount was \$165,472. This financing agreement matures October 1, 2021. The City intends to keep this asset for its full useful life.

In July 2018, the City entered into a lease agreement as lessee to finance the acquisition of a Toro Groundmaster lawnmower. The lease was recorded at the present value of the future minimum lease payments using the lease terms stated rate of 6.39%. The original principal amount was \$50,188. The financing agreement matures September 5, 2022. The City intends to keep this asset for its full useful life.

In September 2018, the City entered into a lease agreement as lessee to finance the acquisition of a 410L Backhoe. The lease was recorded at the present value of the future minimum lease payments using the lease terms stated rate of 3.5%. The original principal amount was \$103,613. The financing agreement matures May 19, 2022. The City intends to keep this asset for its full useful life.

In January 2020, the City entered into a lease agreement for the right to use seven copy machines for 36 months January 14, 2020 to December 14, 2022. The lease was recorded at present value of the future minimum lease payments \$40,282, as of the inception date. As there is no explicit rate in the contract, the present value was calculated using City's Weighted Average Cost of Capital (WACC) of 3.08%. The City intends to lease a new set of copy machines upon the termination of this lease.

NOTE 10: CAPITAL LEASE (Continued)

In July 2021, the City entered into a lease agreement as lessee for the right to use land adjacent to City Hall as sporting fields (Morgans Sports Center). The lease was recorded at present value of the future minimum lease payments \$89,016. As there is no explicit rate in the contract, the present value was calculated using City's Weighted Average Cost of Capital (WACC) of 3.08%. The current agreement has a termination date of June 30, 2035.

Accumulated depreciation on the leased assets through September 30, 2021 was \$198,695. The future minimum lease obligations as of September 30, 2021 are as follows:

Year ending September 30,	Principal	Interest	Total
2022	\$ 83,307	5,107	88,414
2023	8,390	2,461	10,851
2024	5,212	2,288	7,500
2025	5,372	2,128	7,500
2026	5,538	1,962	7,500
2027-2031	30,353	7,147	37,500
2032-2035	27,826	2,174	30,000
Total	\$ 165,998	23,267	189,265

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS***Plan Description***

The Plan is a single employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the City, and eligible dependents, may continue to participate in the City's health and hospitalization plan for medical, and prescription drug coverage. The City implicitly subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

The rates paid by the retirees eligible for Medicare are reduced by the Medicare premium. The Plan does not issue a stand-alone report, and it is not included in the report of a Public Employee Retirement System or another entity.

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy

Contribution requirements of the City and plan members are established and may be amended through action from the City Council. The City has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis from primarily the general fund. For the 2020-2021 fiscal year, no retirees received postemployment health care benefits.

Employees covered by benefit terms

At September 30, 2021, the following employees were covered by the benefit terms:

Current retirees	-
Active employees	<u>74</u>
	<u>74</u>

Total OPEB Liability

The City's total OPEB liability of \$187,872 was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the October 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%
Discount rate	2.43%
Inflation	2.50%
Healthcare cost trend rates	7.50% for 2021, decreasing to an ultimate trend rate of 4.00% for 2076

Mortality rates were based on the PubG-2010 Mortality Tables projected to the valuation date using Scale MP-2019.

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (Continued)***Changes in the Total OPEB Liability***

Total OPEB liability as of October 1, 2020	\$ <u>177,044</u>
Changes for the year:	
Service cost	19,941
Interest	4,130
Changes of assumptions	(5,158)
Benefit payments	<u>(8,085)</u>
Total changes	<u>10,828</u>
Total OPEB liability as of September 30, 2021	\$ <u>187,872</u>

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 (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate:

	1% Decrease (<u>1.43%</u>)	Current Discount Rate (<u>2.43%</u>)	1% Increase (<u>3.43%</u>)
Total OPEB liability	\$ <u>206,707</u>	<u>187,872</u>	<u>171,752</u>

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

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 (3.00% - 6.50%) or 1-percentage point higher (5.00% - 8.50%) than the current trend rate:

	1% Decrease (<u>3.00% - 6.50%</u>)	Current Trend Rate (<u>4.00% - 7.50%</u>)	1% Increase (<u>5.00% - 8.50%</u>)
Total OPEB liability	\$ <u>167,122</u>	<u>187,872</u>	<u>212,699</u>

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (Continued)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended September 30, 2021, the City recognized OPEB expense of \$20,563. At September 30, 2021, the City did not report deferred outflows of resources or deferred inflows of resources related to OPEB due to using the alternative measurement method. Additionally, since the measurement date was the same as the City's fiscal year, there are no contributions subsequent to the measurement date to report.

NOTE 12: RETIREMENT PLANS***Deferred Compensation Plan***

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is a tax-deferred supplemental retirement program that allows City employees to contribute a portion of their salary before federal income taxes to a retirement account. The assets are held in trust for the employee's benefit. The plan participants, individually, select and make changes in funding options made available by the independent plan administrator. Since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the City has no liability for investment losses. The City's fiduciary responsibility is to administer the plan properly and to assure the investment alternatives made available are reasonable.

In accordance with generally accepted accounting principles, the assets and liabilities of the plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the Plan.

Employee Thrift Plan

The City established the City of Destin Employee Thrift Plan on May 1, 1987, a defined contribution plan, made available to all City employees who have attained the age of eighteen, in accordance with Internal Revenue Service Code, Section 401(a) and 501(a) as amended from time to time. The plan is administered by the City. Employees make no contributions to this plan. The City's contribution to the Plan is 7.5% of the participant's compensation for the plan year. If an employee contributes to the Deferred Compensation Plan, the City will also match the first 5% of the employee's contribution with an additional Thrift Plan contribution.

Participants vest 20% in the City's matching contribution after three years of continuous service and continue to vest at 20% per year until fully vested after 7 years of continuous service. Participants are fully vested in the City's annual 7.5% non-matching contribution after 1,000 hours of service. The Plan does not issue separately audited financial statements.

NOTE 12: RETIREMENT PLANS (Continued)

Each participant's account is credited with the City's contribution and plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

The City made all required contributions of \$450,743 during the fiscal year ended September 30, 2021. The contributions represent 10.17% of current year covered and total payroll of \$4,429,923.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation and Other Matters

The City is currently defending a substantial caseload of Bert J. Harris, Jr. Private Property Rights Protection Act proceedings and has determined that any financial impact to the City would be minimal.

The City is also the defendant in various claims, generally concerning development issues. In the opinion of management, any future costs associated with these claims will not have a significant adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

Risk Management

The City purchases insurance coverage through commercial insurance carriers to cover liability, workers' compensation, automobile, personal property, marine equipment and crime/fidelity risks. The City's liability and workers' compensation policies are retrospective policies that require adjusted premium calculations following the end of the policy period; however, the City does not retain any risk of loss through these coverages. All policies have been maintained for several years without reductions in coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Notes to Financial Statements

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

Remedies for Default

As part of notes payable and capital leases there are terms in such agreements that state if the City were to default on such agreements that all payments are to become current and equipment from capital leases are to be returned to the lessor.

Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the City and its future results and financial position is not presently determinable.

NOTE 14: FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Balance Sheet - Governmental Funds are detailed according to balance classification and fund as follows:

Deficit fund balances totaling \$2,216,394 exist in the CRA Town Center Special Revenue Fund. The deficit in the CRA Town Center Special Revenue Fund results from transfers to the 2014 Revenue Refunding Note Series Fund for debt service payments in prior years.

Fund Balance	General Fund	Special Revenue - CRA Town Center Fund	Special Revenue - CRA Harbor Fund	Special Revenue - Florida Building Code	Special Revenue - Technology	Special Revenue - Okaloosa Half-Penny	2013 Refunding Revenue Note Series	2014 Refunding Revenue Note Series	2021 Refunding Revenue Note Series	Capital Projects Funds	Total Governmental Funds
<i>Nonspendable:</i>											
Interfund advance	\$ 2,448,824	-	-	-	-	-	-	-	-	-	2,448,824
Prepaid expenditures	113,017	-	-	-	-	-	-	-	-	-	113,017
<i>Restricted for:</i>											
Impact Fees: park, traffic, library, and police	-	-	-	-	-	-	-	-	-	2,108,263	2,108,263
Other Agreements: NPEB, Stormwater, Morgans Grant, Gas Tax#2	-	-	-	-	-	-	-	-	-	817,875	817,875
Debt service	-	-	-	-	-	-	93,097	245,566	537	-	339,200
CRA Harbor	-	-	276,242	-	-	-	-	-	-	-	276,242
Florida Building Code Enforcement	-	-	-	310,750	-	-	-	-	-	-	310,750
<i>Committed for:</i>											
Emergency Operations	3,707,539	-	-	-	-	-	-	-	-	-	3,707,539
Debt Service	2,669,655	-	-	-	-	-	-	-	-	-	2,669,655
Emergency Maintenance	3,707,539	-	-	-	-	-	-	-	-	-	3,707,539
Infrastructure Surtax	-	-	-	-	-	3,408,363	-	-	-	-	3,408,363
Renewal & Replacement	-	-	-	-	-	-	-	-	-	1,045,290	1,045,290
Parking	-	-	-	-	-	-	-	-	-	-	-
Technology	-	-	-	-	201,407	-	-	-	-	-	201,407
<i>Assigned for:</i>											
Encumbrances	376,587	-	-	-	-	171,098	-	-	-	734,385	1,282,070
<i>Unassigned:</i>	13,296,275	(2,216,394)	-	-	-	-	-	-	-	-	11,079,881
Total Fund Balance	\$ 26,319,436	(2,216,394)	276,242	310,750	201,407	3,579,461	93,097	245,566	537	4,705,813	33,515,915

NOTE 14: FUND BALANCE CONSTRAINTS (Continued)***Encumbrances:***

Funds have been encumbered in the General Fund at September 30, 2021, were composed of the following:

General government	\$ 364,146
Physical environment	2,400
Culture and recreation	10,041
<hr/>	
Total	<u>\$ 376,587</u>

NOTE 15: SUBSEQUENT EVENT

The City has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

NOTE 16: ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

NOTE 16: ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED (Continued)

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

Required Supplementary Information
(Other Than MD&A)

City of Destin, Florida

Schedule of Changes in the City's
Total OPEB Liability and Related Ratios

<i>Year ended September 30,</i>	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 19,941	\$ 20,778	\$ 15,893	\$ 16,440
Interest	4,130	6,900	6,085	5,024
Differences between expected and actual experience	-	20,020	-	-
Changes of assumptions	(5,158)	(18,085)	8,106	(6,810)
Benefit payments	(8,085)	(8,916)	(6,805)	(6,272)
Net change in total OPEB liability	10,828	20,697	23,279	8,382
Total OPEB liability - beginning	177,044	156,347	133,068	124,686
Total OPEB liability - ending	\$ 187,872	\$ 177,044	\$ 156,347	\$ 133,068
Covered payroll	\$ 2,899,114	\$ 2,828,403	\$ 2,873,422	\$ 2,803,339
Total OPEB liability as a percentage of covered payroll	6.48%	6.26%	5.44%	4.75%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
2.43%	2.14%	3.58%	4.18%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

City of Destin, Florida

Combining and Individual Fund Statements and Schedules

These financial statements provide a more detailed view of the “Basic Financial Statements” prepared in the preceding subsection.

Combining statements are presented for the City of Destin for the nonmajor governmental funds. Individual fund statements are necessary to present budgetary comparisons for nonmajor governmental funds for which annual appropriated budgets have been adopted. The budgetary level of control is at the fund level.

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

Community Redevelopment Agency - Harbor Special Revenue Fund

To account for fund relating to the City of Destin CRA Harbor redevelopment activities.

Florida Building Code Special Revenue Fund

To account for fund relating to the City of Destin Building Code activities.

Technology Special Revenue Fund

To account for fund relating to the City of Destin technology activities.

Okaloosa Half-Penny Special Revenue Fund

To account for fund relating to the City of Destin Okaloosa Half Penny activities.

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources for and the payment of general long-term principal and interest in accordance with bond ordinances.

2013 Revenue Refunding Note Series Debt Service Capital Improvement Fund

To account for the use of financial resources for payments for debt associated with the 2013 revenue note issue.

2014 Revenue Refunding Note Series Debt Service Fund

To account for the use of financial resources for payments for debt associated with the 2014 revenue note issue.

2021 Revenue Refunding Note Series Debt Service Fund

To account for the use of financial resources for payments for debt associated with the 2021 revenue note issue.

City of Destin, Florida

Nonmajor Governmental Funds
Combining Balance Sheet

September 30,

2021

	Special Revenue Funds				Debt Service Funds			Total Nonmajor Governmental Funds
	CRA Harbor	Florida Building Code	Technology	Okaloosa Half-Penny	2013 Revenue Refunding Note Series	2014 Revenue Refunding Note Series	2021 Revenue Refunding Note Series	
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ 201,407	\$ 3,624,293	\$ -	\$ -	\$ -	3,825,700
Restricted cash and cash equivalents	280,271	316,679	-	-	93,097	245,566	1,901	937,514
Total assets	280,271	316,679	201,407	3,624,293	93,097	245,566	1,901	4,763,214
Liabilities and fund balances								
Liabilities:								
Accounts payable	4,029	5,929	-	44,832	-	-	1,364	56,154
Total liabilities	4,029	5,929	-	44,832	-	-	1,364	56,154
Fund balances:								
Restricted	276,242	310,750	-	-	93,097	245,566	537	926,192
Committed	-	-	201,407	3,408,363	-	-	-	3,609,770
Assigned	-	-	-	171,098	-	-	-	171,098
Total fund balances	276,242	310,750	201,407	3,579,461	93,097	245,566	537	4,707,060
Total liabilities and fund balances	\$ 280,271	\$ 316,679	\$ 201,407	\$ 3,624,293	\$ 93,097	\$ 245,566	\$ 1,901	\$ 4,763,214

City of Destin, Florida

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Changes in Fund Balance

Year ended September 30,	2021							
	Special Revenue Funds				Debt Service Funds			
	CRA Harbor	Florida Building Code	Technology	Okaloosa Half-Penny	2013 Revenue Refunding Note Series	2014 Revenue Refunding Note Series	2021 Revenue Refunding Note Series	Total Nonmajor Governmental Funds
Revenue								
Taxes	\$ 660,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,381
Licenses and permits	-	893,629	-	-	-	-	-	893,629
Investment income	688	-	308	1,665	474	612	51	3,798
Total revenue	661,069	893,629	308	1,665	474	612	51	1,557,808
Expenditures								
General government	-	-	-	-	-	-	76,477	76,477
Public safety	-	752,982	3,912	-	-	-	-	756,894
Economic environment	27,273	-	-	-	-	-	-	27,273
Capital outlay	-	-	114,378	2,917,509	-	-	-	3,031,887
Debt service:								
Principal	-	-	-	-	401,139	412,740	393,000	1,206,879
Interest	-	-	-	-	154,908	317,980	35,188	508,076
Total expenditures	27,273	752,982	118,290	2,917,509	556,047	730,720	504,665	5,607,486
Excess (deficiency) of revenue over expenditures	633,796	140,647	(117,982)	(2,915,844)	(555,573)	(730,108)	(504,614)	(4,049,678)
Other financing sources (uses)								
Proceeds from issuance of long-term debt	-	-	-	-	-	-	9,905,000	9,905,000
Transfers in	-	258,921	319,389	6,622,305	555,913	731,280	1,103,919	9,591,727
Transfers out	(524,678)	(88,818)	-	(127,000)	-	-	(10,503,768)	(11,244,264)
Total other financing sources (uses)	(524,678)	170,103	319,389	6,495,305	555,913	731,280	505,151	8,252,463
Net change in fund balances	109,118	310,750	201,407	3,579,461	340	1,172	537	4,202,785
Fund balances, beginning of year	167,124	-	-	-	92,757	244,394	-	504,275
Fund balances, end of year	\$ 276,242	\$ 310,750	\$ 201,407	\$ 3,579,461	\$ 93,097	\$ 245,566	\$ 537	\$ 4,707,060

**Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
Community Redevelopment Agency - Harbor Special Revenue Fund**

<i>Year ended September 30,</i>	2021			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes	\$ 662,898	\$ 662,898	\$ 660,381	\$ (2,517)
Investment income	-	-	688	688
Total revenue	662,898	662,898	661,069	(1,829)
Expenditures				
Economic environment	57,800	71,675	27,273	44,402
Capital outlay	30,000	30,000	-	30,000
Total expenditures	87,800	101,675	27,273	74,402
Excess of revenue over expenditures	575,098	561,223	633,796	72,573
Other financing uses				
Transfers out	(554,590)	(524,678)	(524,678)	-
Total other financing uses	(554,590)	(524,678)	(524,678)	-
Net change in fund balance	20,508	36,545	109,118	72,573
Fund balance, beginning of year	167,124	167,124	167,124	-
Fund balance, end of year	\$ 187,632	\$ 203,669	\$ 276,242	\$ 72,573

**Statement of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
Florida Building Code Special Revenue Fund**

<i>Year ended September 30,</i>	2021			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Licenses and permits	\$ -	\$ 504,656	\$ 893,629	\$ 388,973
Total revenue	-	504,656	893,629	388,973
Expenditures				
Public safety		800,221	752,982	47,239
Total expenditures	-	800,221	752,982	47,239
Excess (deficiency) of revenue over expenditures	-	(295,565)	140,647	436,212
Other financing sources (uses)				
Transfers in		345,765	258,921	(86,844)
Transfers out	-	(50,200)	(88,818)	(38,618)
Total other financing sources (uses)	-	295,565	170,103	(125,462)
Net change in fund balance	-	-	310,750	310,750
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 310,750	\$ 310,750

**Statement of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
Technology Special Revenue Fund**

	2021			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenue				
Investment income	\$ -	\$ -	\$ 308	\$ 308
Total revenue	-	-	308	308
Expenditures				
Public safety		3,419	3,912	(493)
Capital outlay		11,878	114,378	(102,500)
Total expenditures	-	15,297	118,290	(102,993)
Excess (deficiency) of revenue over expenditures	-	(15,297)	(117,982)	(102,685)
Other financing sources				
Transfers in		120,459	319,389	198,930
Total other financing sources	-	120,459	319,389	198,930
Net change in fund balance	-	105,162	201,407	96,245
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 105,162	\$ 201,407	\$ 96,245

**Statement of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
Okaloosa Half-Penny Special Revenue Fund**

<i>Year ended September 30,</i>	2021			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		Actual	
	Original	Final		
Revenue				
Investment income	\$ -	\$ -	\$ 1,665	\$ 1,665
Total revenue	-	-	1,665	1,665
Expenditures				
Capital outlay		5,436,524	2,917,509	2,519,015
Total expenditures	-	5,436,524	2,917,509	2,519,015
Excess (deficiency) of revenue over expenditures	-	(5,436,524)	(2,915,844)	2,520,680
Other financing sources (uses)				
Transfers in		3,865,627	6,622,305	2,756,678
Transfers out	-	(127,000)	(127,000)	-
Total other financing sources (uses)	-	3,738,627	6,495,305	2,756,678
Net change in fund balance	-	(1,697,897)	3,579,461	5,277,358
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ (1,697,897)	\$ 3,579,461	\$ 5,277,358

**Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
2013 Revenue Refunding Note Series Debt Service Fund**

<i>Year ended September 30,</i>	2021			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenue				
Investment income	\$ -	\$ -	\$ 474	\$ 474
Total revenue	-	-	474	474
Expenditures				
Debt service:				
Principal	401,139	401,139	401,139	-
Interest	154,908	154,908	154,908	-
Total expenditures	556,047	556,047	556,047	-
Excess (deficiency) of revenue expenditures	(556,047)	(556,047)	(555,573)	474
Other financing sources				
Transfers in	555,913	555,913	555,913	-
Total other financing sources	555,913	555,913	555,913	-
Net change in fund balance	(134)	(134)	340	474
Fund balance, beginning of year	92,757	92,757	92,757	-
Fund balance, end of year	\$ 92,623	\$ 92,623	\$ 93,097	\$ 474

**Statement of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
2014 Revenue Refunding Note Series Debt Service Fund**

<i>Year ended September 30,</i>	2021			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenue				
Investment income	\$ -	\$ -	\$ 612	\$ 612
Total revenue	-	-	612	612
Expenditures				
Debt service:				
Principal	412,740	412,740	412,740	-
Interest	318,472	318,472	317,980	492
Total expenditures	731,212	731,212	730,720	492
Excess (deficiency) of revenue over expenditures	(731,212)	(731,212)	(730,108)	1,104
Other financing sources				
Transfers in	731,280	731,280	731,280	-
Total other financing sources	731,280	731,280	731,280	-
Net change in fund balance	68	68	1,172	1,104
Fund balance, beginning of year	244,394	244,394	244,394	-
Fund balance, end of year	\$ 244,462	\$ 244,462	\$ 245,566	\$ 1,104

**Statement of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
2021 Revenue Refunding Note Series Debt Service Fund**

<i>Year ended September 30,</i>	2021			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		Actual	
	Original	Final		
Revenue				
Investment income	\$ -	\$ -	\$ 51	\$ 51
Total revenue	-	-	51	51
Expenditures				
General government	-	78,781	76,477	2,304
Debt service:				
Principal	-	393,000	393,000	-
Interest	-	35,188	35,188	-
Total expenditures	-	506,969	504,665	2,304
Excess (deficiency) of revenue over expenditures	-	(506,969)	(504,614)	2,355
Other financing sources (uses)				
Proceeds from issuance of long-term debt	-	9,905,000	9,905,000	-
Transfers in	-	1,103,919	1,103,919	-
Transfers out	-	(10,503,768)	(10,503,768)	-
Total other financing sources (uses)	-	505,151	505,151	-
Net change in fund balance	-	(1,818)	537	2,355
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ (1,818)	\$ 537	\$ 2,355

Statistical Section

This section contains statistical tables reflecting various supplemental financial data concerning general government operations. When applicable, a 10-year history has been depicted to disclose trends in finance-related matters. These tables have been included as part of this report for information purposes only, and therefore, have not been subjected to audit by the City's independent certified public accountants.

The statistical section of the City's annual comprehensive financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The data contained in these statistical sections is unaudited.

City of Destin, Florida

Net Position by Component-Last Ten Years
(Unaudited)

Fiscal Year	Net investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2021	98,289,498	3,852,330	29,063,467	131,205,295
2020	91,184,514	3,891,401	25,247,364	120,323,279
2019	88,840,831	2,661,941	21,378,238	112,881,010
2018	89,128,737	2,570,097	17,831,698	109,530,532
2017	90,119,716	2,075,871	14,559,323	106,754,910
2016	88,760,939	1,488,351	14,101,586	104,350,876
2015	88,804,998	735,737	13,208,165	102,748,900
2014	90,108,379	43,399	13,331,610	103,483,388
2013	91,599,506	43,355	15,163,303	106,806,164
2012	85,440,401	86,133	15,923,523	101,450,057

Source: City Finance Department

City of Destin, Florida

Changes in Net Position-Last Ten Years
(Unaudited)

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses					
General government	\$ 3,583,345	\$ 4,028,182	\$ 3,695,191	\$ 3,532,139	\$ 2,981,384
Public safety	3,756,665	3,623,935	3,292,103	3,908,737	4,011,135
Physical environment	646,171	670,079	319,713	432,132	433,283
Transportation	2,739,207	2,866,166	3,252,517	3,053,455	3,141,933
Economic environment	1,141,935	1,152,796	1,146,463	1,209,950	1,274,262
Human services	64,531	63,494	62,808	55,220	107,287
Culture and recreation	3,476,834	2,702,912	2,323,177	2,274,564	2,242,446
Debt service interest	637,571	752,073	788,775	806,526	888,752
Total expenses	16,046,259	15,859,637	14,880,747	15,272,723	15,080,482
Program revenue					
Charges for services					
General government	64,090	601	2,457,688	2,495,996	2,223,122
Public safety	1,793,926	1,555,942	614,412	847,202	940,221
Physical environment	50,965	23,443	20,800	46,495	79,821
Transportation	505,182	178,174	140,017	119,218	60,534
Culture and recreation	347,454	331,925	401,939	406,050	402,708
Operating grants and contributions	646,998	2,082,880	734,898	1,407,851	2,450,238
Capital grants and contributions	5,192,296	197,999	43,520	30,544	70,120
Total program revenue	8,600,911	4,370,964	4,413,274	5,353,356	6,226,764
Net expense	(7,445,348)	(11,488,673)	(10,467,473)	(9,919,367)	(8,853,718)
General revenue and other changes in net position					
Property taxes	9,892,776	9,374,391	8,764,290	8,179,225	7,761,152
Other taxes	3,480,413	2,895,623	1,636,565	1,669,159	1,623,261
Other revenue	4,954,175	6,660,928	3,417,096	1,907,549	1,873,339
Special items	-	-	-	-	-
Total general revenue	18,327,364	18,930,942	13,817,951	11,755,933	11,257,752
Change in net position	10,882,016	7,442,269	3,350,478	1,836,566	2,404,034
Net position, beginning	120,323,279	112,881,010	109,530,532	106,754,910	104,350,876
Cumulative effect of change in accounting principle	-	-	-	939,056	-
Prior period adjustment	-	-	-	-	-
Net position, ending	\$ 131,205,295	\$ 120,323,279	\$ 112,881,010	\$ 109,530,532	\$ 106,754,910

Source: City Finance Department

City of Destin, Florida

Changes in Net Position-Last Ten Years
(Continued) (Unaudited)

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses					
General government	\$ 2,889,172	\$ 3,330,320	\$ 3,135,252	\$ 2,847,225	\$ 3,100,230
Public safety	3,535,716	3,080,103	2,721,873	2,633,697	2,656,076
Physical environment	491,154	591,383	710,134	647,709	798,777
Transportation	2,842,564	2,582,807	2,661,304	2,525,995	2,579,572
Economic environment	1,289,854	1,326,255	1,387,855	1,103,214	820,654
Human services	54,394	58,975	59,650	60,250	58,600
Culture and recreation	2,340,627	2,239,857	2,277,720	2,163,148	2,077,254
Debt service interest	873,117	1,132,842	1,366,317	1,662,880	1,712,494
Total expenses	14,316,598	14,342,542	14,320,105	13,644,118	13,803,657
Program revenue					
Charges for services					
General government	2,317,742	2,214,652	2,099,136	1,835,784	1,908,566
Public safety	898,725	697,452	553,710	644,091	601,592
Physical environment	14,660	21,503	7,463	51,686	71,600
Transportation	49,514	115,970	47,642	41,810	37,477
Culture and recreation	456,828	421,704	337,804	290,158	294,040
Operating grants and contributions					
	1,727,351	197,614	373,317	189,862	152,660
Capital grants and contributions					
	42,081	203,334	126,767	7,888,961	249,075
Total program revenue	5,506,901	3,872,229	3,545,839	10,942,352	3,315,010
Net expense	(8,809,697)	(10,470,313)	(10,774,266)	(2,701,766)	(10,488,647)
General revenue and other changes in net position					
Property taxes	6,844,994	6,443,596	6,090,326	5,841,191	6,253,055
Other taxes	1,583,815	1,530,492	1,537,513	1,533,833	1,607,807
Other revenue	1,982,864	1,761,737	1,573,651	1,274,760	1,485,532
Special items	-	-	(1,750,000)	-	-
Total general revenue	10,411,673	9,735,825	7,451,490	8,649,784	9,346,394
Change in net position	1,601,976	(734,488)	(3,322,776)	5,948,018	(1,142,253)
Net position, beginning	102,748,900	103,483,388	106,806,164	101,450,057	102,592,310
Prior period adjustment	-	-	-	(591,911)	-
Net position, ending	\$ 104,350,876	\$ 102,748,900	\$ 103,483,388	\$ 106,806,164	\$ 101,450,057

City of Destin

Fund Balances Governmental Funds - Last Ten Years
(Unaudited)

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Nonspendable	\$ 2,561,841	\$ 2,451,337	\$ 2,448,824	\$ 2,469,019	\$ 2,999,624
Restricted	-	3,247,659	2,584,256	2,480,877	1,977,027
Committed	10,084,733	8,411,205	10,129,498	9,657,663	9,674,570
Assigned	376,587	2,964,171	1,213,592	672,226	1,625,986
Unassigned	13,296,275	14,449,613	10,040,295	7,526,416	3,626,528
Total	\$ 26,319,436	\$ 31,523,985	\$ 26,416,465	\$ 22,806,201	\$ 19,903,735
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ 88	\$ -
Restricted	3,852,330	643,742	77,685	89,220	98,844
Committed	4,655,060	-	-	-	-
Assigned	905,483	44,332	329,948	279,391	255,797
Unassigned	(2,216,394)	(2,390,520)	(2,231,153)	(2,240,233)	(2,142,360)
Total all other governmental funds	\$ 7,196,479	\$ (1,702,446)	\$ (1,823,520)	\$ (1,871,534)	\$ (1,787,719)

Source: City Finance Department

**Fund Balances Governmental Funds - Last Ten Years
(Continued) (Unaudited)**

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Nonspendable	\$ 2,802,335	\$ 1,980,893	\$ 1,879,620	\$ 1,324,569	\$ 749,569
Restricted	1,373,526	1,216,046	1,098,945	1,152,307	1,584,691
Committed	10,340,837	11,071,545	10,276,708	10,418,492	843,061
Assigned	1,118,384	328,889	684,591	730,267	1,460,679
Unassigned	2,905,348	1,848,403	1,743,576	2,657,863	10,488,610
Total	\$ 18,540,430	\$ 16,445,776	\$ 15,683,440	\$ 16,283,498	\$ 15,126,610
All other governmental funds					
Nonspendable	\$ -	\$ 68	\$ -	\$ -	\$ -
Restricted	114,825	884,473	151,914	1,524,027	1,726,853
Committed	-	-	74,256	95,853	196,393
Assigned	276,444	345,855	633,953	1,109,529	1,303,787
Unassigned	(1,979,433)	(2,462,082)	(1,835,073)	(1,010,642)	(329,808)
Total all other governmental funds	\$ (1,588,164)	\$ (1,231,686)	\$ (974,950)	\$ 1,718,767	\$ 2,897,225

**Changes in Fund Balances Governmental Funds - Last Ten Years
(Unaudited)**

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenue					
Taxes	\$ 13,373,189	\$ 12,270,014	\$ 12,309,961	\$ 11,766,912	\$ 11,192,022
Licenses and permits	3,779,441	3,342,590	1,079,465	1,008,548	930,187
Impact fees	590,174	456,051	160,720	671,922	801,424
Intergovernmental	8,053,048	4,050,502	3,494,078	2,889,811	3,734,054
Charges for services	937,122	513,137	512,089	568,635	525,860
Fines and forfeits	79,829	106,750	28,981	44,278	46,812
Investment income	19,983	471,977	506,164	20,654	59,756
Contributions	1,867	4,035	6,871	8,608	24,772
Miscellaneous income	50,972	9,058	132,896	131,376	169,629
Total revenue	26,885,625	21,224,114	18,231,225	17,110,744	17,484,516
Expenditures					
General government	3,403,184	3,935,334	3,542,238	3,398,890	2,853,328
Public safety	3,752,995	3,408,341	3,061,601	2,779,558	2,610,831
Physical environment	142,017	27,374	31,346	88,226	90,710
Transportation	1,663,328	1,925,723	1,924,802	1,824,192	1,885,837
Economic environment	107,900	130,173	105,720	123,024	163,637
Human services	64,531	63,494	62,808	55,220	107,287
Culture and recreation	2,854,316	2,237,953	1,909,794	1,872,829	1,858,739
Capital outlay	11,160,364	1,937,657	1,607,301	1,877,832	4,762,510
Debt service					
Principal	9,318,692	1,622,596	1,533,487	1,485,956	1,417,449
Interest	717,941	745,697	793,850	836,554	874,429
Investment loss				-	-
Total expenditures	33,185,268	16,034,342	14,572,947	14,342,281	16,624,757
Excess (deficiency) of revenue over expenditures	(6,299,643)	5,189,772	3,658,278	2,768,463	859,759
Other financing sources (uses)					
Transfers in	29,587,639	2,255,374	4,171,759	6,343,303	3,907,488
Transfers out	(29,587,639)	(2,255,374)	(4,171,759)	(6,343,303)	(3,907,488)
Issuance of debt	-	-	-	50,188	303,991
Proceeds of debt issuance	9,905,000	-	-	-	-
Debt service principal	-	-	-	-	-
Lease proceeds	89,019	38,422	-	-	-
Non-operating loss	-	-	-	-	-
Total other financing sources (uses)	9,994,019	38,422	-	50,188	303,991
Special item - Settlement	-	-	-	-	-
Net change in fund balance	\$ 3,694,376	\$ 5,228,194	\$ 3,658,278	\$ 2,818,651	\$ 1,163,750
Debt service as a percentage of noncapital expenditures	45.6%	16.8%	18.0%	18.6%	19.3%

Source: City Finance Department

**Changes in Fund Balances Governmental Funds - Last Ten Years
(Continued) (Unaudited)**

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenue					
Taxes	\$ 10,316,957	\$ 9,891,235	\$ 9,429,663	\$ 8,951,113	\$ 9,515,410
Licenses and permits	885,870	674,131	597,505	846,549	674,302
Impact fees	446,936	280,494	268,840	144,678	9,298
Intergovernmental	3,232,561	1,819,128	1,674,915	9,294,741	1,567,009
Charges for services	568,018	509,159	462,224	366,618	355,199
Fines and forfeits	47,238	114,111	49,229	43,404	38,678
Investment income	256,010	222,593	-	-	-
Contributions	22,848	34,839	99,975	20,292	316,151
Miscellaneous income	142,136	62,364	166,802	36,132	185,357
Total revenue	15,918,574	13,608,054	12,749,153	19,703,527	12,661,404
Expenditures					
General government	2,747,954	3,489,939	2,951,776	2,713,560	2,661,534
Public safety	2,410,183	2,107,835	1,768,098	1,661,520	1,701,869
Physical environment	148,581	248,810	379,218	287,702	464,567
Transportation	1,681,535	1,472,935	1,544,311	1,295,486	1,247,816
Economic environment	176,210	216,503	209,632	185,215	146,377
Human services	54,394	58,975	59,650	60,250	58,600
Culture and recreation	1,976,500	1,927,771	1,949,815	1,772,495	1,744,325
Capital outlay	3,075,354	1,642,819	1,581,816	8,697,826	4,037,950
Debt service					
Principal	1,087,340	901,028	1,374,432	1,243,032	1,191,883
Interest	822,369	1,083,667	1,562,813	1,697,345	1,721,570
Investment loss	-	-	1,824	110,438	-
Total expenditures	14,180,420	13,150,282	13,383,385	19,724,869	14,976,491
Excess (deficiency) of revenue over expenditures	1,738,154	457,772	(634,232)	(21,342)	(2,315,087)
Other financing sources (uses)					
Transfers in	2,971,389	1,563,616	3,730,001	2,206,101	5,037,324
Transfers out	(2,971,389)	(1,563,616)	(3,730,001)	(2,206,101)	(5,037,324)
Issuance of debt	-	-	(12,900,000)	(7,610,000)	-
Proceeds of debt issuance	-	5,427,000	-	-	-
Debt service principal	-	(5,379,150)	-	-	-
Lease proceeds	-	-	11,871,000	7,610,000	-
Non-operating loss	-	-	119,229	-	-
Total other financing sources (uses)	-	47,850	(909,771)	-	-
Special item - Settlement	-	-	(1,750,000)	-	-
Net change in fund balance	\$ 1,738,154	\$ 505,622	\$ (3,294,003)	\$ (21,342)	\$ (2,315,087)
Debt service as a percentage of noncapital expenditures	17.2%	17.2%	24.9%	26.7%	39.3%

City of Destin, Florida

Revenue Base - Last Ten Years
(Unaudited)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	95% Budgeted for Operations
2021	5,586,981,183	99,760,236	5,686,741,419	1.6150	8,724,883
2020	5,289,909,655	100,875,258	5,390,784,913	1.6150	8,270,812
2019	4,940,251,366	96,041,092	5,036,292,458	1.6150	7,726,932
2018	4,637,572,095	94,406,296	4,731,978,391	1.6150	7,260,038
2017	4,419,401,166	88,815,805	4,508,216,971	1.6150	6,916,732
2016	4,202,250,899	83,206,674	4,285,457,573	1.6150	6,574,963
2015	3,953,775,213	77,212,445	4,030,987,658	1.5000	5,744,157
2014	3,738,671,838	78,140,476	3,816,812,314	1.5000	5,438,958
2013	3,692,698,542	74,840,249	3,767,538,791	1.5000	5,368,743
2012	3,864,421,197	79,244,532	3,943,665,729	1.4550	5,451,132

Source: Okaloosa County Tax Collector

City of Destin, Florida

Property Tax Rates Per \$1,000 of Taxable Value
All Direct and Overlapping Governments - Last Ten Years
(Unaudited)

Fiscal Year	Direct Rate	Indirect Rate					Total Direct & Overlapping Rates
	City of Destin	Destin Fire District	Okaloosa County	Okaloosa School Board	Northwest Florida Water District	Total Overlapping Rates	
2021	1.615000	1.000000	3.830800	5.943000	0.029400	10.803200	12.418200
2020	1.615000	1.000000	3.830800	6.035000	0.031100	10.896900	12.511900
2019	1.615000	1.000000	3.830800	6.206000	0.032700	11.069500	12.684500
2018	1.615000	1.000000	3.830800	6.361000	0.033800	11.225600	12.840600
2017	1.615000	1.000000	3.830800	6.588000	0.035300	11.454100	13.069100
2016	1.615000	1.000000	3.430800	6.907000	0.036600	11.374400	12.989400
2015	1.500000	1.000000	3.430800	7.551000	0.040000	12.021800	13.521800
2014	1.500000	1.000000	3.430800	7.441000	0.039000	11.910800	13.410800
2013	1.500000	1.000000	3.430800	7.551000	0.040000	12.021800	13.521800
2012	1.455000	1.000000	3.289900	7.476000	0.040000	11.805900	13.260900

As of levy date, November 1 of each year listed

Source: Okaloosa County Tax Collector

City of Destin, Florida

Principal Tax Payers - Current Year and Ten Years Ago
(Unaudited)

Taxpayer	September 30, 2021			Taxpayer	September 30, 2012		
	Taxable Assessed Value	Rank	Percent of City's Total Taxable Value		Taxable Assessed Value	Rank	Percent of City's Total Taxable Value
WCW OLYMPUS DESTIN LLC	\$ 60,852,086	1	1.07%	EMERALD GRANDE INC	\$ 54,095,500	1	1.37%
EMERALD GRANDE INC	51,211,280	2	0.90%	AHB APARTMENTS LLC	21,252,705	2	0.54%
PASSCO SEA GLASS DST	50,127,214	3	0.88%	TBH CORPORATION	14,861,982	3	0.38%
BR HENDERSON BEACH LLC	39,633,322	4	0.70%	DRB DEVELOPMENT LLC	13,331,000	4	0.34%
FLORIDA POWER & LIGHT CO.	37,094,229	5	0.65%	WRI-SRP PARADISE ISLE LLC	10,806,034	5	0.27%
DRH HBR OWNER LLC	31,830,814	6	0.56%	DUNAVANT GULF LLC	9,564,399	6	0.24%
HENDERSON BEACH PARTNERS LLC	26,862,977	7	0.47%	SHANRI HOLDINGS CORP	7,737,553	7	0.20%
PARADISE ISLE DESTIN LLC	15,709,350	8	0.28%	CRYSTAL BEACH PLAZA LLC	7,103,763	8	0.18%
KEY DESTIN OWNER LLC	13,573,460	9	0.24%	TRUSTMARK BANK	6,593,625	9	0.17%
WYNDHAM VACATION RESORTS INC	12,080,500	10	0.21%	PANHANDLE 98 ACQUISITION LLC	6,515,740	10	0.16%
Total Principal Taxpayers	<u>\$ 338,975,232</u>		<u>5.96%</u>		<u>\$ 151,862,301</u>		<u>3.85%</u>
Total Tax Value of Other	<u>\$ 5,347,766,187</u>		<u>94.04%</u>		<u>\$ 3,791,803,428</u>		<u>96.15%</u>
Total Taxable Assessed Value	<u>\$ 5,686,741,419</u>		<u>100.00%</u>		<u>\$ 3,943,665,729</u>		<u>100.00%</u>

Source: Okaloosa County Property Appraiser

City of Destin, Florida

Property Tax Levies and Collections-Last Ten Years
(Unaudited)

Fiscal Year Ended September 30,	Taxes Levied For the Calendar Year*	Collected within the Calendar Year of the Levy		Collections of Delinquent Taxes	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 8,721,062	\$ 8,827,350	101.22%	\$ 54,971	\$ 8,882,321	101.85%
2020	8,273,153	8,430,713	101.90%	3,561	8,434,274	101.95%
2019	8,132,530	7,879,410	96.89%	4,613	7,884,023	96.94%
2018	7,632,996	7,405,759	97.02%	1,809	7,407,568	97.05%
2017	7,280,770	7,031,699	96.58%	4,122	7,035,821	96.64%
2016	6,425,090	6,211,296	96.67%	3,797	6,215,093	96.73%
2015	6,045,953	5,842,418	96.63%	10,172	5,852,590	96.80%
2014	5,737,736	5,530,911	96.40%	54,974	5,585,885	97.35%
2013	5,202,450	5,294,736	101.77%	29,787	5,202,450	100.00%
2012	5,743,626	5,512,611	95.98%	53,720	5,566,331	96.91%

*Includes discount taken for early payment of taxes (maximum of 5%)

Source: Okaloosa County Tax Collector

City of Destin, Florida

Ratios of Outstanding Debt (Bonds and Notes)-Last Ten Years
(Unaudited)

Fiscal Year Ended September 30,	2002 Capital Improvement Revenue Bonds	2005B Florida Municipal Loan Council Revenue Bonds	2005 CRA Town Center Revenue Bonds	2009 CRA Harbor Revenue Note (Restructured 2015)	2013 Capital Improvement Revenue Note
2021	-	-	-	-	4,694,511
2020	-	-	-	3,986,827	5,095,650
2019	-	-	-	4,429,808	5,485,711
2018	-	-	-	4,770,168	5,865,001
2017	-	-	-	5,096,625	6,233,816
2016	-	-	-	5,409,749	6,592,446
2015	-	-	-	5,709,446	6,941,172
2014	-	5,800,000	-	5,997,542	7,280,268
2013	-	6,040,000	12,900,000	6,136,242	7,610,000
2012	7,870,000	6,275,000	13,515,000	6,269,274	-

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

City of Destin, Florida

Ratios of Outstanding Debt (Bonds and Notes)-Last Ten Years
(Continued) (Unaudited)

Fiscal Year Ended September 30,	2014 CRA Town Center Revenue Refunding Note Series	2015 Revenue Refunding Note Series	2021 Revenue Refunding Note Series	Capital Leases	Total Revenue Bonds and Notes and Capital Leases	Per Capita
2021	8,926,602	-	9,512,000	165,998	23,299,111	1,700
2020	9,339,342	4,035,000	-	166,965	22,623,784	1,588
2019	9,738,279	4,379,000	-	175,160	24,207,958	1,825
2018	10,123,875	4,714,000	-	268,401	25,741,445	1,941
2017	10,496,575	5,039,000	-	311,197	27,177,213	2,049
2016	10,856,811	5,359,000	-	72,665	28,290,671	2,133
2015	11,205,000	5,427,000	-	95,393	29,378,011	2,208
2014	11,205,000	-	-	119,229	30,402,039	2,302
2013	-	-	-	-	32,686,242	2,379
2012	-	-	-	-	33,929,274	2,590

City of Destin, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021
(Unaudited)

Jurisdiction	Net Debt Outstanding	Estimated Percentage Applicable to City of Destin (1)	Estimated Amount Applicable to City of Destin
Debt repaid with property taxes:			
Okaloosa County	95,505,370	29%	\$ 27,696,557
Okaloosa School Board (2)	2,724,000	27%	735,480
Destin Fire District	-	84%	-
Northwest Florida Water District	-	29%	-
Subtotal, overlapping debt			<u>28,432,037</u>
City of Destin			<u>\$ 23,299,045</u>
Total direct and overlapping debt			<u><u>\$ 51,731,082</u></u>

(1) Based on ratio of assessed taxable value

(2) The Okaloosa School Board debt outstanding is as of June 30, 2021

SOURCE: Okaloosa County, Florida Accounting Division and the School Board of Okaloosa County

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Destin. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

City of Destin, Florida

Demographics
(Unaudited)

Land area (miles)	
Square miles incorporated	7.53
Land	6.78
Water	0.75
Gulf-front	6.60
Bay-front	5.81
City maintained streets	66.23
Paved	66.23
Unpaved	0.00
Estimated population	
Year-round	13,702
Seasonal-peak	100,000
Gender composition	
Female	50.5%
Male	49.5%
Racial composition	
White	83.0%
Hispanic	9.5%
Black	2.6%
American Indian	0.4%
Asian	1.8%
Other	2.7%
Median household income	\$ 79,000
Median earnings for full-time year-round workers	\$ 50,424
Number of households	13,800
Households with homestead exemption	3,663
Unemployment rate	2.90%

Source: City of Destin census FY2020, Bureau of Labor Statistics for Crestview-Fort Walton Beach-Destin, Destin Chamber of Commerce, and Okaloosa Tax Collector

Note: Information has not significantly changed for last ten years.

City of Destin, Florida

Principal Employers - Current Year and Ten Years Ago
(Unaudited)

Employer	September 30, 2021			September 30, 2012			
	Approximate Range of Numbers of Employees	Rank	Percent of City's Estimated Population	Approximate Range of Numbers of Employees	Rank	Percent of City's Estimated Population	
Keller Williams Realty	\$ 400	1	2.90%	ResortQuest International, Inc	1000-1300	1	9.30%
Big Kahuna's Waterpark	300	2	2.20%	A J's Seafood and Oyster House	100-249	2	1.40%
McGuire's Irish Pub	200	3	1.46%	Crab Trap	100-249	3	1.43%
Destin Healthcare and Rehabilitation	160	4	1.17%	Cracker Barrel	100-249	4	1.43%
AJ's Seafood and Oyster House	150	5	1.09%	Destin Healthcare and Rehabilitation	100-249	5	1.43%
Target	150	6	1.09%	Harbor Docks	100-249	6	1.43%
First Florida Bank	200	7	1.00%	Hey Baby Charter Boat	100-249	7	1.43%
Olive Garden Italian Kitchen	120	8	0.88%	Holiday Inn	100-249	8	1.42%
Harbor Docks Restaurant	120	9	0.88%	Lucky Snapper Grill & Bar	100-249	9	1.42%
City of Destin FL	99-122	10	<u>0.81%</u>	Track Recreation Center	100-249	10	<u>1.42%</u>
Total			<u><u>13.48%</u></u>	Total			<u><u>22.11%</u></u>

City of Destin, Florida

City Employees - Last Five Years
(Unaudited)

1 FTE = 2080 hours/year

	Fiscal Year				
	2021	2020	2019	2018	2017
City Manager's Office					
City Manager	1.00	1.00	1.00	1.00	1.00
Deputy City Manager	1.00	1.00	1.00	1.00	-
Sr Administrative Professional	1.00	1.00	1.00	1.00	1.00
Public Information Manager	1.00	1.00	1.00	1.00	1.00
Grants Projects Manager	1.00	1.00	-	-	1.00
Development/Re-Development Manager	-	-	-	-	1.00
Receptionist (2 PT @29 hours/week)	1.45	1.45	1.45	1.45	1.45
Subtotal	6.45	6.45	5.45	5.45	6.45
City Clerk's Office					
City Clerk	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	1.00	1.00	1.00	1.00	1.00
Records Technician	1.00	1.00	1.00	1.00	1.00
Subtotal	3.00	3.00	3.00	3.00	3.00
Finance & Budget					
Finance Director	1.00	1.00	1.00	1.00	1.00
Accountant	1.00	1.00	1.00	1.00	1.00
Accounting Clerk (Payroll & AP)	1.00	0.50	0.50	-	-
Payroll Accounting Clerk	-	-	-	0.25	0.25
AP Administrative Clerk	-	-	-	0.25	0.25
Subtotal	3.00	2.50	2.50	2.50	2.50
Human Resources					
HR/Risk Manager	1.00	1.00	1.00	1.00	1.00
HR Coordinator	0.73	0.73	0.73	0.73	0.73
Subtotal	1.73	1.73	1.73	1.73	1.73
Facilities					
Maintenance Technician - Facilities	2.00	2.00	2.00	2.00	2.00
Maintenance Technician - Custodian	1.00	1.00	1.00	-	-
Subtotal	3.00	3.00	3.00	2.00	2.00
Community Development Office					
Community Development Director	0.67	1.00	1.00	1.00	1.00
Administrative Assistant	0.50	1.00	1.00	1.00	1.00
Principal Planner	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	1.00	-
Planner	3.00	3.00	3.00	3.00	2.00
Business Tax License Clerk	1.00	-	-	-	-
Subtotal	7.17	7.00	7.00	7.00	5.00
Information Technology					
IT Director	1.00	1.00	1.00	1.00	1.00
Systems Network Specialist	1.00	1.00	1.00	1.00	1.00
Geographic Information Systems Manager	1.00	1.00	1.00	1.00	1.00
Help Desk Technician	1.00	1.00	-	-	-
Subtotal	4.00	4.00	3.00	3.00	3.00
SUBTOTAL GENERAL GOVERNMENT	28.35	27.68	25.68	24.68	23.68
Public Safety					
Crossing Guards (3 PT Seasonal)	0.90	0.90	0.90	0.90	0.90
Subtotal	0.90	0.90	0.90	0.90	0.90

City of Destin, Florida

City Employees - Last Five Years
(Continued) (Unaudited)

	Fiscal Year				
	2021	2020	2019	2018	2017
Code Compliance					
Code Compliance Director	0.90	1.00	1.00	1.00	0.50
Code Compliance Deputy Director	0.90	-	-	-	-
Harbor Compliance Officer	0.90	1.00	1.00	1.00	1.00
Code Compliance Officers (5 FT @90% plus 1 PT @90%)	3.61	5.50	5.00	3.00	2.50
Administrative assistant	0.90	1.00	1.00	1.00	-
Subtotal	7.21	8.50	8.00	6.00	4.00
Emergency Management					
Emergency Management Director	-	-	-	-	-
Subtotal	-	-	-	-	-
Florida Building Code Enforcement (Building Inspections)					
Chief Building Official	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	2.00	1.00	1.00	1.00	1.00
Plans Examiner	1.00	1.00	1.73	1.73	2.00
Permit & License Tech	1.00	1.00	1.73	1.73	2.00
Permit & Licensing Administrator	1.00	1.00	1.00	1.00	1.00
Permit & Licensing Clerk	1.00	1.00	1.73	1.73	2.00
Code Compliance allocation (9.73@10%)	0.80	-	-	-	-
Engineering/Stormwater allocation (2@10%)	0.20	-	-	-	-
Com Dev Administrative allocation (1@25%; 1@33%)	0.83	-	-	-	-
Subtotal	9.83	7.00	9.19	9.19	10.00
SUBTOTAL PUBLIC SAFETY	17.94	16.40	18.09	16.09	14.90
Physical Environment					
Stormwater Management Specialist	1.00	1.00	1.00	1.00	-
Equipment Operator	1.00	-	-	-	-
Subtotal	2.00	1.00	1.00	1.00	-
Cemetery					
Maintenance Technician	-	-	-	-	-
Subtotal	-	-	-	-	-
SUBTOTAL PHYSICAL ENVIRONMENT	2.00	1.00	1.00	1.00	-
Public Works Department					
Public Works Director	1.00	1.00	1.00	1.00	1.00
Deputy Public Works Director	1.00	1.00	1.00	1.00	1.00
Field Crew Supervisor	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00	1.00
Maintenance Technician-General	4.00	2.00	2.00	2.00	2.00
Equipment Operator	-	1.00	1.00	1.00	1.00
Computer Aided Design Operator	1.00	1.00	1.00	1.00	1.00
Maintenance Technician/Mechanic	1.00	1.00	1.00	-	-
Subtotal	11.00	10.00	10.00	9.00	9.00

City of Destin, Florida

City Employees - Last Five Years
(Continued) (Unaudited)

	2021	2020	2019	Fiscal Year	
				2018	2017
Engineering					
City Engineer (P.E.)	1.00	1.00	1.00	1.00	1.00
Engineer	1.00	1.00	1.00	1.00	1.00
Subtotal	2.00	2.00	2.00	2.00	2.00
Median Maintenance					
Maintenance Technician	-	-	-	-	-
Subtotal	-	-	-	-	-
SUBTOTAL TRANSPORTATION	13.00	12.00	12.00	11.00	11.00
Community Redevelopment Agency					
CRA Manager (Town Center)	-	-	0.25	0.25	0.25
CRA Manager (Harbor)	-	-	0.25	0.25	0.25
Program Manager (FT) (thru March 09) (Harbor)	-	-	-	-	-
Maintenance Technician	-	-	1.50	1.50	1.50
CRA Finance Administrative Clerk (Town Center)	-	0.25	0.25	0.25	0.25
CRA Finance Administrative Clerk (Harbor)	-	0.25	0.25	0.25	0.25
Subtotal	-	0.50	2.50	2.25	2.50
SUBTOTAL ECONOMIC DEVELOPMENT	-	0.50	2.50	2.25	2.50
Library					
Library Director	1.00	1.00	1.00	1.00	1.00
Technical Services (Cataloger)	1.00	1.00	1.00	1.00	1.00
Circulation Desk Supervisor	1.00	1.00	1.00	1.00	1.00
Circulation Desk	1.00	1.00	1.00	1.00	1.00
Youth Services Librarian	1.00	1.00	1.00	1.00	1.00
Technology Specialist	1.00	1.00	1.00	-	-
Library Assistant (4 PT at 29/40 hrs/week)	2.90	2.90	2.90	3.63	3.63
Administrative Assistant	-	-	-	-	-
Custodian	-	-	-	-	0.50
Subtotal	8.90	8.90	8.90	8.63	9.13
Parks (includes TDC/Waterfront and FDEP/Leonard Destin)					
Parks & Recreation Director	1.00	1.00	1.00	1.00	1.00
Parks & Recreation Deputy Director	1.00	1.00	1.00	1.00	1.00
Park Supervisor	1.00	1.00	1.00	1.00	1.00
Assistant Park Supervisor	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Maintenance Technician	11.45	11.45	11.45	11.45	11.45
Park Attendant (PT)	-	-	-	-	-
Joe's Bayou Attendant (3 PT at 29/40 hrs/week)	1.45	1.45	1.45	1.45	1.45
Subtotal	17.90	17.90	17.90	17.90	17.90

City of Destin, Florida

City Employees - Last Five Years
(Continued) (Unaudited)

	Fiscal Year				
	2021	2020	2019	2018	2017
Morgan Sports Complex					
Supervisor of Athletic Programs	-	-	-	-	-
Recreation Program Coordinator	1.00	1.00	1.00	2.00	2.00
Recreation Assistant II	1.00	1.00	1.00	1.00	1.00
Recreation Assistant (2 PT at 29/40 hrs/week)	1.45	1.45	1.45	1.45	1.45
Field Maintenance Supervisor	-	-	-	1.00	1.00
Field Maintenance Technician	2.00	2.00	3.00	3.00	3.00
Field Maintenance Tech/Mechanic	-	-	-	-	-
Groundskeeper	1.00	1.00	1.00	1.00	1.00
Scorekeepers (2 PT at 29/40 hrs/week)	1.45	1.45	1.45	1.45	1.45
Subtotal	7.90	7.90	8.90	10.90	10.90
Community Center					
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00
Recreation Assistant II	1.00	1.00	1.00	1.00	1.00
Recreation Assistant (1 FT + 2 PT at 29/40)	2.45	2.45	2.45	2.45	2.45
Program Coordinator	1.00	1.00	1.00	1.00	1.00
Lead Program Coordinator	1.00	1.00	1.00	1.00	1.00
Maintenance Technician	2.00	2.00	2.00	2.00	2.00
Custodian	-	-	-	-	-
Clerk/Receptionist	1.00	1.00	1.00	1.00	1.00
Camp Counselors (4 PT at 29/40 hrs/week)	2.90	2.90	2.90	2.90	2.90
Subtotal	12.35	12.35	12.35	12.35	12.35
SUBTOTAL CULTURE & RECREATION	47.05	47.05	48.05	49.78	50.28
<hr/>					
Total budgeted FTEs	108.34	104.63	107.32	104.80	102.36

Total actual FTEs (labor hours/2080) 92.32 86.37 82.09 80.95 75.44

Information is provided for the most recent five years as this is the most relevant.

Source: Payroll

Compliance Section

- Government Auditing Standards Report
- Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill
- Independent Auditors' Report on Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill
- CRA Examination Report
- Investment Examination Report
- Management Letter

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

The Honorable Mayor and
Members of the City Council
City of Destin, 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, each major fund, the fiduciary fund and the aggregate remaining fund information of the City of Destin, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the City's basic financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2022

CITY OF DESTIN, FLORIDA
Schedule of Receipts and Expenditures of Funds
Related to the Deepwater Horizon Oil Spill
Year ended September 30, 2021

	Amounts Received in the 2020-2021 <u>Fiscal Year</u>	Amounts Expended in the 2020-2021 <u>Fiscal Year</u>
Source:		
Gulf Environmental Benefit Fund		
National Fish and Wildlife Foundation	\$ <u>374,025</u>	<u>374,025</u>

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE
OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED
TO THE DEEPWATER HORIZON OIL SPILL

To the Honorable Mayor and City Council Members
City of Destin, Florida

We have audited the financial statements of the City of Destin, Florida (the City) as of and for the year ended September 30, 2021, and have issued our report thereon dated March 7, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill on page 93 is presented for the purpose of additional analysis as required by Chapter 288.8018, Florida Statutes, and the Chapter 10.557(3)(f), Rules of the Auditor General, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2022

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and
Members of the City Council
City of Destin, Florida:

We have examined the City of Destin, Florida's (the City) compliance with the requirements of Section 288.8018, Florida Statute, Gulf Coast Audits, for the year ended September 30, 2021. The City's management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the State of Florida Statute 288.8018 for the year ended September 30, 2021.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
May 20, 2022

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and
Members of the City Council
City of Destin, Florida:

We have examined the City of Destin, Florida's (the City) compliance with the requirements of Section 163.387(6) and 163.387(7), Florida Statutes, Redevelopment Trust Fund, for the year ended September 30, 2021. The City's management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the State of Florida Statutes 163.387(6) and 163.387(7) for the year ended September 30, 2021.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2022

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and
Members of the City Council
City of Destin, Florida:

We have examined City of Destin, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2021. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the State of Florida Statute 218.415 for the year ended September 30, 2021.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2022

MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Council
City of Destin, Florida:

We have audited the financial statements of the City of Destin, Florida (the City), as of and for the year ended September 30, 2021, and have issued our report thereon dated March 7, 2022.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated March 7, 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 audit report. There were no recommendations made in the preceding annual 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 to be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Financial Condition

Section 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.

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(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.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2022