



**CITY OF DESTIN, FL**

**ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT  
FISCAL YEAR ENDED  
SEPTEMBER 30, 2023**

**CITY OF DESTIN, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2023**

**PREPARED BY:**  
**CITY OF DESTIN FINANCE DEPARTMENT**

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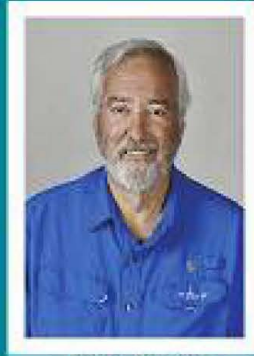




# DESTIN CITY COUNCIL



BOBBY WAGNER  
MAYOR



DEWEY DESTIN  
COUNCILMAN



JIM BAGBY  
COUNCILMAN



TOREY GELLE  
COUNCILMAN



TERESA HERBERT  
COUNCILSWOMAN



JOHNNY KING  
COUNCILMAN



KEVIN SCHMIDT  
COUNCILMAN



JOHN STEPHENS  
COUNCILMAN

CITY OF DESTIN, FLORIDA

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**CITY OF DESTIN, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**SEPTEMBER 30, 2023**

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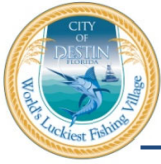
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## **INTRODUCTORY SECTION**



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# Office of the City Manager

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March 5, 2024

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, 2023. **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 **Mauldin and Jenkins, LLC, 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, 2023, are free from 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, 2023, 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. A federal Single Audit was not required for the fiscal year ended September 30, 2023. **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 14,494 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 and major special revenue funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 28. The City of Destin has no proprietary funds and no business-like activities.

### **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 fiscal year 2023, the City continued to experience an increase in tourist-related business, 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 County Tourist Development Council** reported that fiscal year 2023 bed tax collections and visitor estimates continue to be higher than pre-pandemic figures.

The City is centrally located in the panhandle of Northwest 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, such as diving and snorkeling.

Besides tourism, Destin’s economic base was dependent on the real estate and construction industries in the past. Currently, the City is nearly “built-out” with very few vacant parcels available for development, and therefore residential and commercial construction is minimal

compared to the tourist-related economy. During fiscal year 2023, 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 fiscal year 2023 was set at 1.615 mills for the seventh consecutive year.

## **Major Initiatives - Current and Future**

**Cross Town Connector**: This is a thoroughfare that the City of Destin has identified at the **Cross Town Connector** project was recognized as one of Council's top priorities for fiscal year 2022. The City of Destin has worked towards establishing a secondary thoroughfare 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. The **Florida Department of Transportation (FDOT)**s has awarded the City a grant to complete the purchase of property to construct the roadway, and in fiscal year 2022 three of nine needed parcels were purchased. Okaloosa County has projected funding in future budget years to contribute towards the construction phase of this project. Additional funding will also be needed. The City has purchased all properties required for rights-of-way and has relocated the residents affected by the project. An independent engineering firm completed the design. Construction will begin when sufficient funding is in place to complete the project.

**Beach Acquisition**: Initiation of the purchase of beachfront property continues to be one of City Council's top objectives 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 beach access and disputes between property owners, vendors, and visitors. This initiative will restore developed areas of the beach to their original natural beach and will provide additional public space for residents and visitors. City Council signed a revised **Interlocal Agreement** with the **Okaloosa County Tourism Development Department (TDD)** to continue beachfront park development of the properties purchased in fiscal year 2021 and to acquire an additional 320+ feet of beachfront properties in early fiscal year 2023. Administrative and financial assistance for these purchases is provided by the **Trust for Public Lands (TPL)**.

**Undergrounding Utilities**: Undergrounding utilities are essential to enhancing the resilience of Destin's infrastructure to maintain essential and business and 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 fiscal year 2021, the City hired a Project Management company to manage our ambitious utility undergrounding project. The Project Management company has completed a report that groups sections of the City into phases that have similar cost. The Project Manager is coordinating closely with FDOT and local utility providers. In late 2023, the City executed a binding cost estimate and a conversion agreement with Florida Power and Light (FPL), formerly Gulf Power, a subsidiary of

Nextera Energy to convert overhead utilities to underground. The City anticipates hiring a contractor in the Spring of 2024 through the City's transparent purchasing processes.

**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 fiscal year 2024-2028 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 fiscal year 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 fiscal year 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 fiscal year 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 fiscal year 2013, the City was notified that the **Florida Department of Environmental Protection (FDEP)** had been awarded a **National Resource Damage Assessment (NRDA)** grant to construct this



project. In fiscal year 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 fiscal year 2024. The resilience 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 fiscal year 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 fiscal year 2002 Stormwater Master Plan**. The City's matching requirement was \$50,000. All six projects were designed in fiscal year 2016. Construction of all six projects were completed in 2017. Additional projects were added, which were completed in fiscal year 2021. The City is currently 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 began in fiscal year 2022 and construction is anticipated to start in fiscal year 2024.

**Captain Leonard Destin Park:** In late 2014/2015 the City was notified that it 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 three-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 fiscal year 2020. Fiscal year 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.

## 1. 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 Florida 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. With the assistance of a grant from the **Florida Department of Transportation**, the engineering design is underway and being reviewed by the City's committees.

## 2. 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 fiscal year 2016, FDOT installed five 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 the park was officially opened to the public in July 2023.

### **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 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 2023. 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 and 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) **Enhanced quality of life and safety for families.**
- 3) **Economic development and revitalization.**

- 4) **Effective, efficient and aesthetically pleasing infrastructure.**
- 5) **Improve mobility and connectivity.**
- 6) **A green and sustainable environment.**
- 7) **Offer livable wages and benefits to attract and maintain a high caliber, qualified staff.**

Plans articulated in the fiscal year 2024 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. Amendments made by motion and resolution during the year are consolidated into Ordinance before the close of the fiscal year.

**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 \$50,000 based on an average interest rate of 5.0%. 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 26 and are intended to present the City in a manner similar to private-sector businesses.

Additionally, the Fund Financial Statements (starting on page 27) 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 6).

### **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, 2022. 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-seventh 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 ACFR. 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 Mauldin and Jenkins, LLC, 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,



Louis Zunguze  
City Manager



Krystal Strickland, CPA, CGFO  
Finance Director



**CITY OF DESTIN EXECUTIVE**

**DIRECTORY**

**City Council**

**Bobby Wagner, Mayor**  
**Dewey Destin, Mayor Pro Tem/Council**  
**Torey Geile, Council**  
**Terésa Herbert, Council**  
**Johnny King, Council**  
**Kevin Schmidt, Council**  
**Jim Bagby, Council**  
**John Stephens, Council**

**City Manager**

**Louis Zunguze**

**Finance/Budget Director**

**Krystal Strickland**

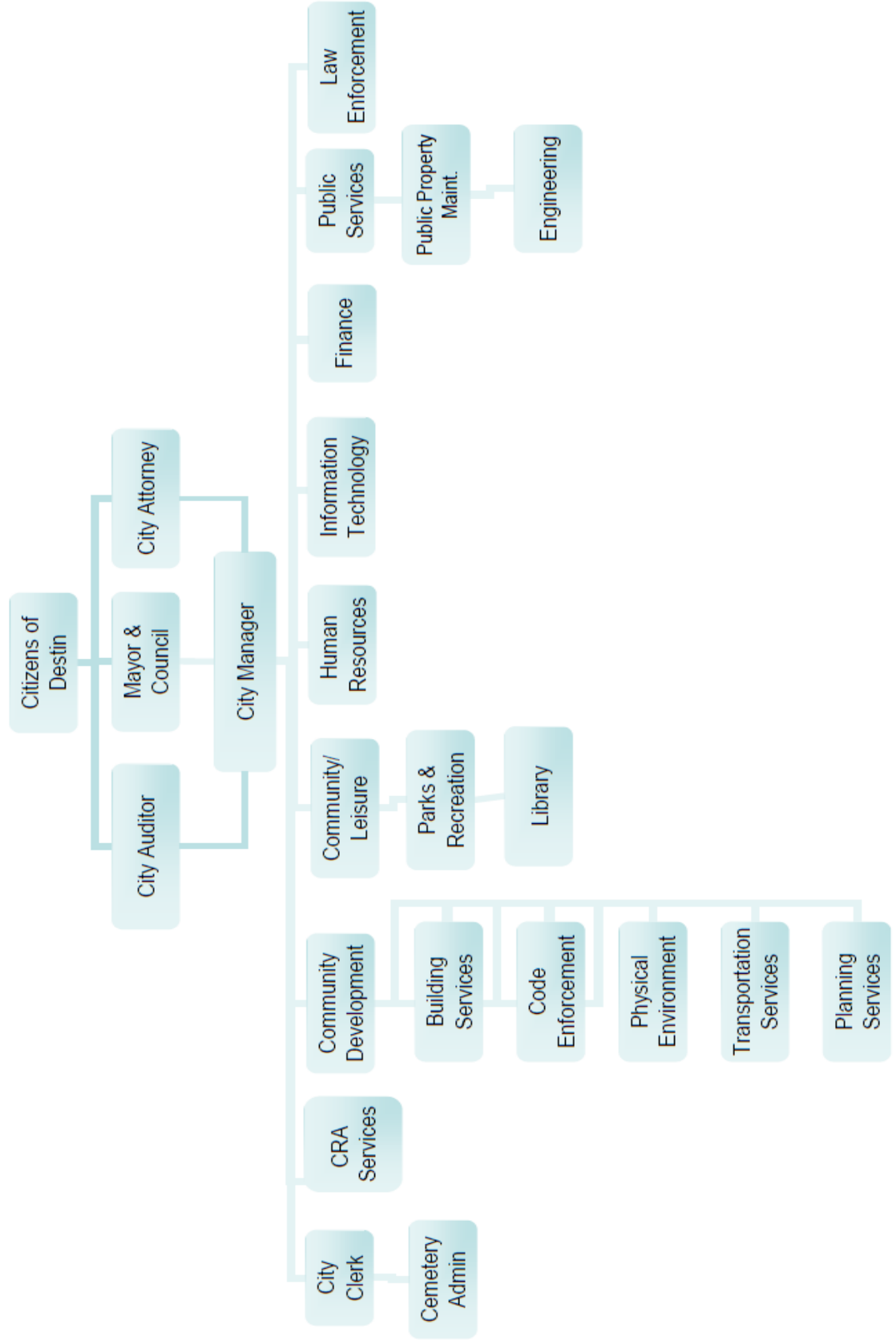
**City Clerk**

**Rey Bailey**

**City 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, 2022

*Christopher P. Morrill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Destin, Florida** (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the CRA Town Center Fund, the Okaloosa Half-Penny Fund, and the 2023 TDC Advance Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20 and the schedule of changes in the City's total OPEB liability and related ratios on page 55 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.

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**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, Rules of the Auditor General of the State of Florida and is also not a required part of the basic financial statements of the City. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statements and schedules and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

Bradenton, Florida  
March 5, 2024



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# CITY OF DESTIN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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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, 2023. 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 \$161.5 million (net position). Of this amount, \$114.1 million represents the net investment in capital assets (e.g. land, infrastructure, building, machinery, and equipment), \$9 million is restricted for use by regulatory agencies, grantors and debt covenants, and \$38.3 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$22 million during the current fiscal year. The majority of this increase is from land acquisitions for parks and to complete roadway connections. Engineering designs for parks and multi-use trails were also funded by grants. Net position also increased because the City is collecting certain revenues to pay for pay-go capital projects. During fiscal year 2023, the City collected Okaloosa Half Penny Infrastructure Surtax, Electric Franchise Fees, and parking fees to invest in projects such as Undergrounding of overhead utilities, replacing stormwater infrastructure, and addressing traffic and parking issues. These pay-go capital projects are all scheduled to commence between FY 2024 and FY 2028.
- Governmental Activities generated \$16.9 million in program revenues (\$10.4 million more than in the prior fiscal year). Capital grants were \$9.9 million higher in FY 2023 than FY 2022. Charges for services were \$370 thousand higher primarily due to an increase in parking fees in public parking areas. Expenses increased approximately \$816 thousand. Culture and recreation and public safety expenses increased the most. Culture and recreation operating costs increased nearly \$508 thousand, primarily to operate and maintain the Morgan Sports Center and the Community Center. Public safety expenses increased \$481 thousand for enforcement of Florida Building code, law enforcement (contracted Okaloosa Sheriff's Office), and because we began expansion of our Code Compliance department.
- At the close of the current fiscal year, the City of Destin's governmental funds reported combined ending fund balances of \$47.8 million, an increase of \$9 million or 23% over the prior year. Of this amount, \$2.5 million is nonspendable, \$7 million is restricted, \$21.6 million is committed, and \$16.8 million is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17.8 million, or 72% of the total General Fund operating expenditures.
- During fiscal year 2023, the City took an advance of TDC grant funds of \$7 million which will be repaid to the TDC through future collections of Tourism Development Taxes that will be granted to the City. In addition, the City recorded the remaining liability outstanding of a Subscription-Based IT Agreement (SBITA) in the amount of \$313 thousand in accordance with governmental accounting standard GASB 96 and initiated a 27-month lease of copier/scanning machines in the amount of \$29 thousand.
- During this fiscal year, the City invested \$20.9 million into capital assets such as land acquisition for parks and roadways and replacing major components of facilities, replacing old vehicles and machinery, and renewing (milling/resurfacing) roadways.

# CITY OF DESTIN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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### 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 and 22 of this report.

# CITY OF DESTIN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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### 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 through 32 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 thirteen 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 thirteen 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 56 through 66 of this report.

#### Major Governmental Funds:

General Fund  
CRA Town Center Fund  
Capital Projects Fund  
Okaloosa Half-Penny Fund  
2023 TDC Advance Funding Agreement

#### Non-major Governmental Funds:

CRA Harbor Fund  
Florida Building Code Fund  
Parking Fund  
Technology Fund  
Water Quality 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.



## CITY OF DESTIN, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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#### 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, 2023, total assets were stated at \$5.7 million, an increase of \$896 thousand compared to the September 30, 2022 stated value of \$4.8 million. The increase in assets was due to dividend and interest income, and an unrealized increase in value of \$687 thousand. Contributions net of withdrawals increased the fund by nearly \$209 thousand. Allocations of investments were represented as 94% mutual funds and nearly 6% 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 31 and 32 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 33 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 56 through 66 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.

**CITY OF DESTIN, FLORIDA**

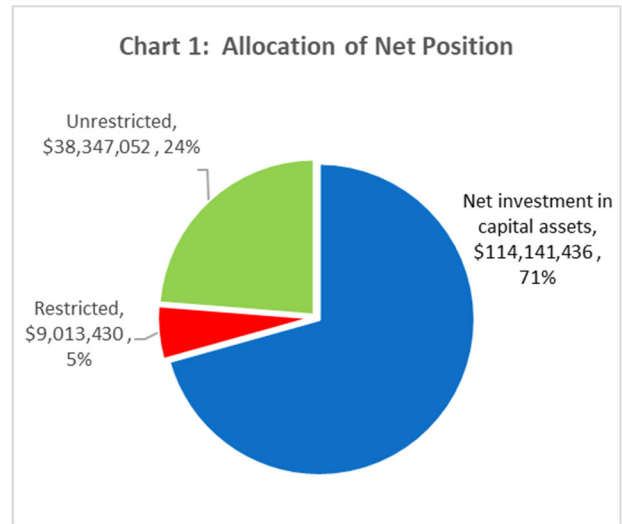
**MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

In the case of the City of Destin, combined assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$161.5 million at the close of fiscal year 2023. (See Table 1 below.)

**Table 1  
Statement of Net Position  
As of September 30, 2023**

<b>Governmental Activities</b>				
	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Current and other assets	\$ 49,916,937	\$ 41,409,176	\$ 8,507,761	21%
Capital assets	139,811,146	122,321,856	17,489,290	14%
Total assets	189,728,083	163,731,032	25,997,051	16%
Deferred outflows	53,275	59,898	(6,623)	-11%
Other liabilities	5,534,071	4,854,976	679,095	14%
Long-term liabilities	22,745,370	19,446,004	3,299,366	17%
Total liabilities	28,279,441	24,300,980	3,978,461	16%
Net position:				
Net investment in capital assets	114,141,436	100,905,387	13,236,049	13%
Restricted	9,013,429	5,073,775	3,939,654	78%
Unrestricted	38,347,052	33,510,788	4,836,264	14%
Total net position	\$ 161,501,917	\$ 139,489,950	\$ 22,011,967	16%

The largest portion of the City's net position, \$114.1 million (71% 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, \$9 million (5% of total net position) represents resources that are subject to external restrictions. The remaining balance of \$38.4 million (24% of total) is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.



The City's current and other assets increased \$8.5 million (21%). Much of this increase is 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 \$17.5 million (14%). Our largest addition to capital assets during FY 2023 was the acquisition of a parcel of land at Tarpon Beach (\$14 million) to expand public beach access, and the purchase of six parcels of land near Sandalwood Drive (\$2.6 million) towards completion of an alternate route for citizens to travel between West Destin and East Destin. This alternate route is referred to as the Cross-Town Connector in the City's five-year capital improvement plan. More details on the changes in capital assets can be found in Note 7 of the financial statements found on pages 45 and 46.

## CITY OF DESTIN, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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The City paid down over \$3 million in debt and borrowed \$7 million in an advance funding agreement from the Tourism Development Council, which resulted in a net increase in total liabilities of \$4 million (16% increase). 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 46 through 49.

**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. Contracted services represent approximately 25% 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 42% 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 contracts with built-in annual increases.

The City's net position increased by \$22 million (16%) during the fiscal year 2023. The increase in net position was primarily a result of capital grants to purchase land for parks and to complete a roadway. In addition, the City is saving electric franchise fees and Okaloosa Half Penny Infrastructure surtaxes to invest in capital projects scheduled to begin FY 2024 to FY 2028. Accumulation of these restricted and committed funds increases net position.

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.

**CITY OF DESTIN, FLORIDA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**Table 2  
Statement of Activities  
For the Year Ended September 30, 2023**

<b>Governmental Activities</b>				
	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for services	\$ 3,564,213	\$ 3,193,879	\$ 370,334	12%
Operating grants and contributions	871,096	775,474	95,622	12%
Capital grants and contributions	12,440,237	2,496,372	9,943,865	398%
<b>General revenues:</b>				
Property taxes	12,464,569	10,794,578	1,669,991	15%
Other taxes	3,571,611	3,496,780	74,831	2%
Franchise fees	3,514,832	3,159,650	355,182	11%
Government revenue sharing	2,481,969	2,491,312	(9,343)	0%
Impact fees	453,374	132,605	320,769	242%
Investment income (loss)	578,203	(1,078,214)	1,656,417	-154%
Miscellaneous	102,444	36,503	65,941	181%
<b>Total revenues</b>	<b>40,042,548</b>	<b>25,498,939</b>	<b>14,543,609</b>	<b>57%</b>
<b>Operating expenses:</b>				
General government	3,604,493	3,882,608	(278,115)	-7%
Public safety	4,441,808	3,960,949	480,859	12%
Physical environment	996,593	1,180,082	(183,489)	-16%
Transportation	3,587,231	3,377,216	210,015	6%
Economic environment	244,282	129,780	114,502	88%
Human services	53,466	51,604	1,862	4%
Culture and recreation	4,589,126	4,081,335	507,791	12%
Interest	513,582	550,710	(37,128)	-7%
<b>Total operating expenses</b>	<b>18,030,581</b>	<b>17,214,284</b>	<b>816,297</b>	<b>5%</b>
<b>Change in net position</b>	<b>22,011,967</b>	<b>8,284,655</b>	<b>13,727,312</b>	<b>166%</b>
<b>Net position, beginning</b>	<b>139,489,950</b>	<b>131,205,295</b>	<b>8,284,655</b>	<b>6%</b>
<b>Net position, ending</b>	<b>\$ 161,501,917</b>	<b>\$ 139,489,950</b>	<b>\$ 22,011,967</b>	<b>16%</b>

**Current Year Impact – Governmental Activities**

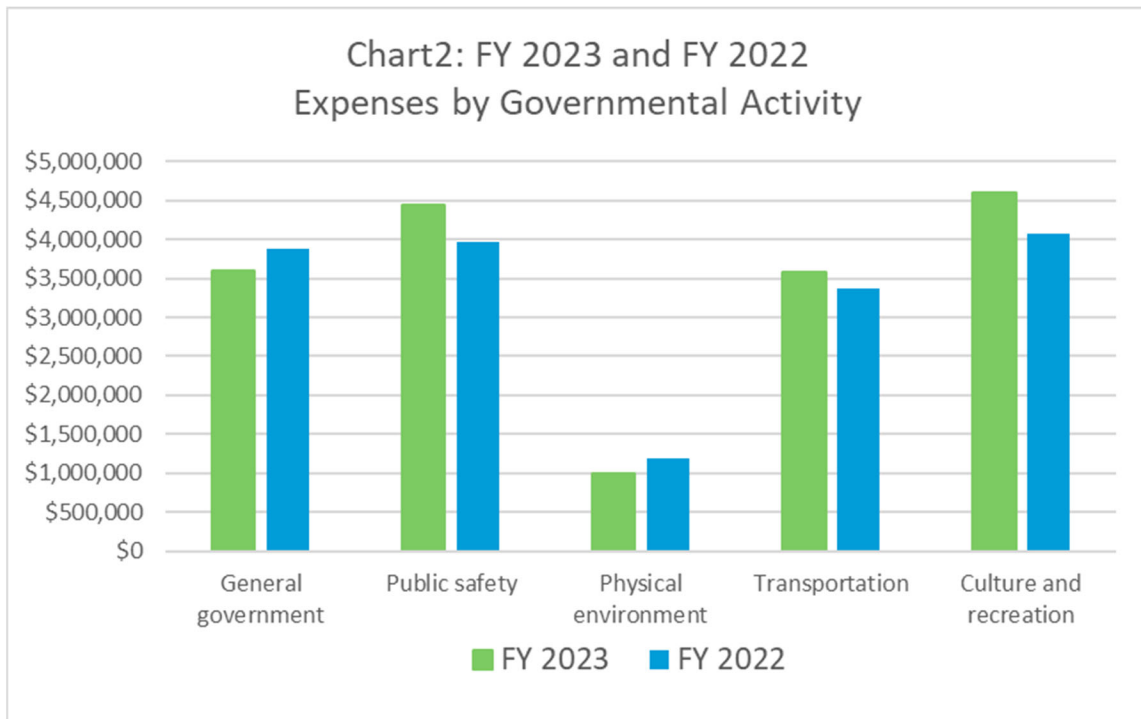
- Ad valorem property taxes increased \$1.7 million (15%) due to the increase of property values within the City. The millage rate has been maintained at 1.615 for each of the last seven fiscal years (since FY 2017). Upon incorporation in 1984, the City of Destin adopted a millage rate cap of 2 mills.
- Grants and contributions increased \$10 million (307%) from \$3.3 million in the prior year to \$13.3 million in FY 2023. During FY 2023, the City received nearly \$10 million in grant funding from Okaloosa County and the Okaloosa Tourist Development Council to acquire land and expand beach access. The City also received \$3.3 million from an FDOT TRIP grant to acquire land for right-of-way to complete connection between two roadways.
- Investment income increased \$1.6 million, recovering from an unrealized loss balance of \$1 million at the end of FY 2022 to an earned and unrealized gain of \$578 thousand by the end of FY 2023. During the second half of FY 2023, the City transferred the cash into a money market account (cash equivalent) instead of automatically reinvesting treasuries and other investments. During FY 2023, money market accounts were earning at higher rates than many investment options.

# CITY OF DESTIN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

- Total governmental expenses increased 5% (\$816 thousand). The largest increase in governmental expenses was for Culture and Recreation (12% or \$508 thousand). Culture and recreation ground maintenance and repairs to facilities increased significantly. In addition, property insurance and liability insurance for our programs increased. Personnel for culture and recreation represents the remaining amount, and includes health insurance cost increases, and the first full year of personnel costs since the compensation study recommendations were implemented in late FY 2022. The second largest increase in governmental expenses was for Public Safety (12%, or \$481 thousand). Half of this increase is related to the enforcement of Florida Building code and related personnel and software as we endeavor to improve our citizen portal and turnaround time for inspection services. The remaining amount of increased public safety expenses comes from an increase in our contracted law enforcement services and improvements we are making in the code compliance department.

Chart 2 compares Expenses by Governmental Activity year over year:



CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023

Chart 3 compares governmental revenues from fiscal year 2023 to fiscal year 2022 by major revenue category:

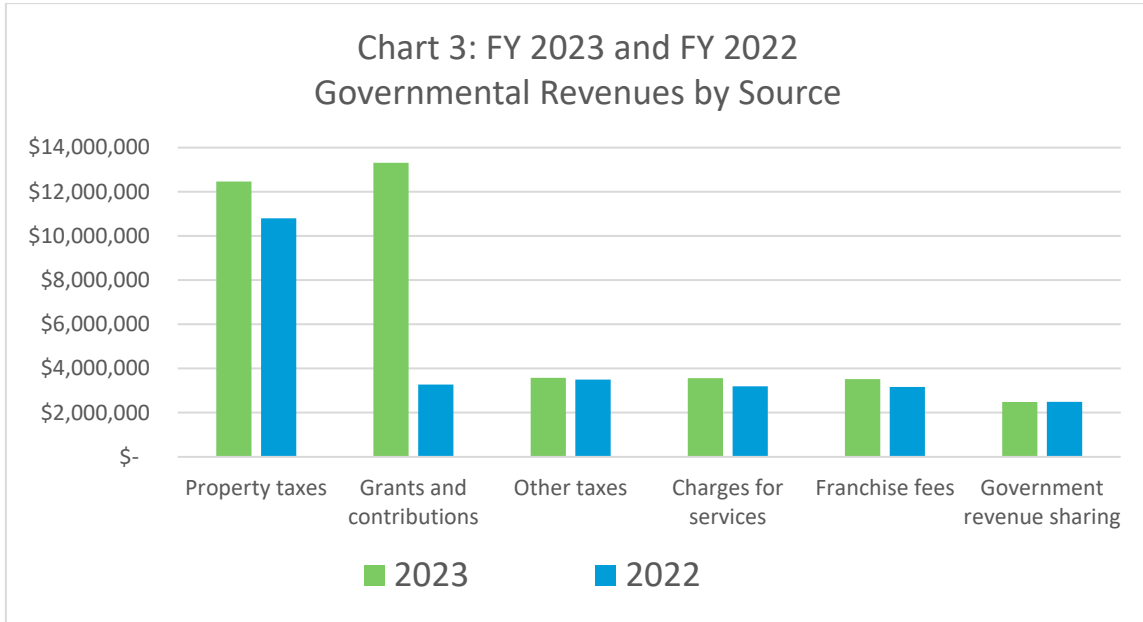
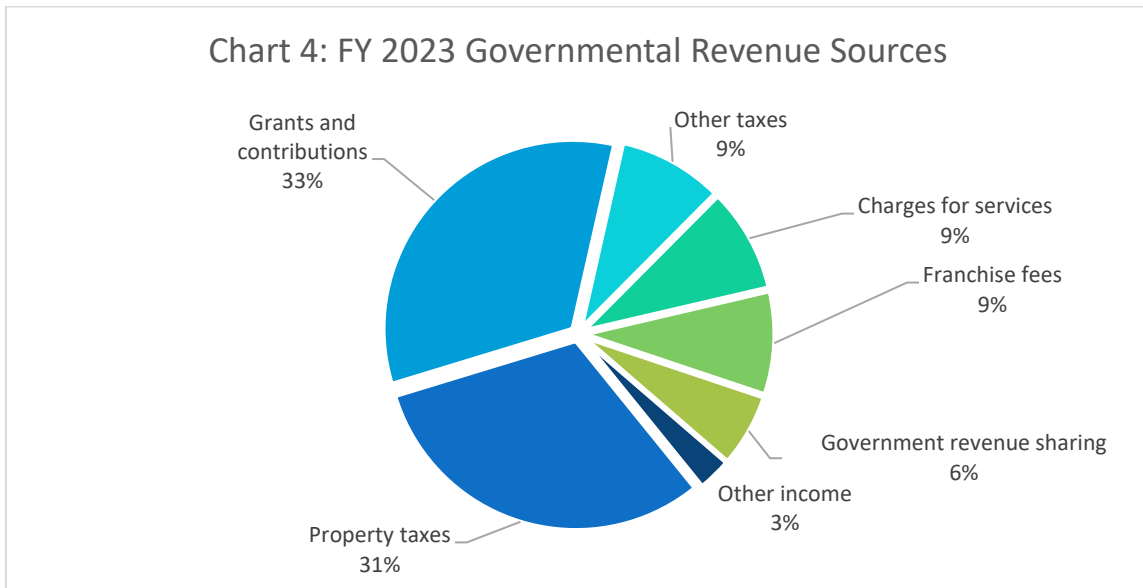


Chart 4 provides an overall view of the various governmental revenue sources:

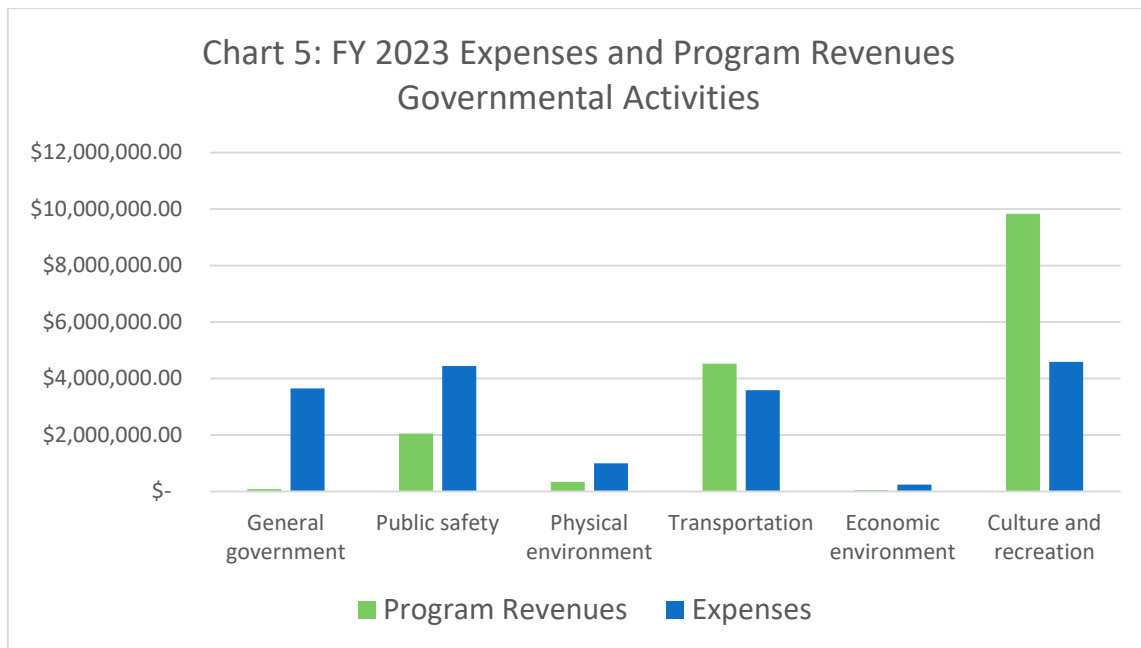


# CITY OF DESTIN, FLORIDA

## MANAGEMENT’S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Chart 5 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 \$18 million. This cost was financed by:

- Those who directly benefit from the programs through charges for services \$3.6 million (20% of total program expenses);
- Other governments and organizations that subsidize certain programs through grants and contributions \$13.3 million (74% of total program expenses); and
- The remaining \$1.2 million “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, 2023, the City’s governmental funds reported combined ending fund balance of \$47.8 million, an increase of \$9 million (23%) as compared to the prior year.

Fund balance of governmental funds consists of the following classifications (see table 3 on the following page).

**Nonspendable Fund Balance:** \$2.5 million is classified as Nonspendable, which indicates these amounts are not available to pay near-term obligations. Our current nonspendable balance includes prepaid expenditures (\$123 thousand), and an interfund advance from the General Fund to the Town Center CRA fund (\$2.4 million).

**CITY OF DESTIN, FLORIDA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**Table 3  
Governmental Funds - Fund Balance  
As of September 30,**

<b>Fund Balance</b>	<b>Governmental Activities</b>			
	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
<i>Nonspendable:</i>				
Interfund advance	\$ 2,361,624	\$ 2,448,824	\$ (87,200)	-4%
Prepays and deposits	122,965	132,428	(9,463)	-7%
<i>Restricted for:</i>				
Impact fees (park, traffic, library and police)	2,313,445	2,017,332	296,113	15%
Other agreements (NPEB, Stormwater, Morgans Grant, Gas Tax#2)	3,233,740	1,853,387	1,380,353	74%
Debt service	342,228	340,053	2,175	1%
CRA Harbor	730,649	418,169	312,480	75%
Florida Building Code	342,260	444,834	(102,574)	-23%
<i>Committed for:</i>				
Emergency operations	4,138,122	5,039,397	(901,275)	-18%
Debt service	3,605,098	3,605,098	-	0%
Emergency maintenance	4,138,122	5,039,396	(901,274)	-18%
Infrastructure surtax	5,715,003	4,486,150	1,228,853	27%
Renewal and replacement	2,252,268	1,554,316	697,952	45%
Parking	1,030,857	347,845	683,012	
Technology	442,347	351,125	91,222	26%
Encumbrances	256,592	857,077	(600,485)	-70%
<i>Unassigned</i>	16,788,335	9,836,399	6,951,936	71%
<b>Total Fund Balance</b>	<b>\$ 47,813,655</b>	<b>\$ 38,771,830</b>	<b>\$ 9,041,825</b>	<b>23%</b>

**Restricted Fund Balance:** Nearly \$7 million is classified as restricted. External entities, such as the State of Florida, lenders and grantors placed restrictions on the use of these funds. \$2.3 million is impact fees which are restricted for expenditure upon “growth necessitated capital expenditures” and cannot be used to pay for operating expenses. \$3.2 million has been restricted by grant and interlocal agreements. \$342 thousand is in debt service accounts to be expended as per debt covenants. Nearly \$731 thousand is for expenditure within the Community Redevelopment Agency districts, and \$342 thousand is restricted for expenditures related to enforcing Florida Building Code as per state statutes.

**Committed Fund Balance:** \$21.6 million 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 (\$4.1 million), one year’s worth of debt service (\$3.6 million) is in a debt service reserve, and an equivalent to three months of operating costs is in an emergency maintenance reserve (\$4.1 million). Council has chosen to commit the Okaloosa Half Penny Local Infrastructure Surtax to specific capital projects (current fund balance of \$5.7 million). \$2.3 million has been committed to renew and replace certain infrastructure, capital components of facilities, and to replace capital machinery. The balance of the Parking Fund \$1 million is committed to maintaining parking areas and to address parking issues. The \$442 thousand balance in the Technology Fund is to be used for hardware and software to process permits and licenses issued by the Building, Code Compliance, and Community Development departments.

**Assigned Fund Balance:** No funds are currently classified as assigned. Assigned indicates the City’s intent to use for a specific purpose.

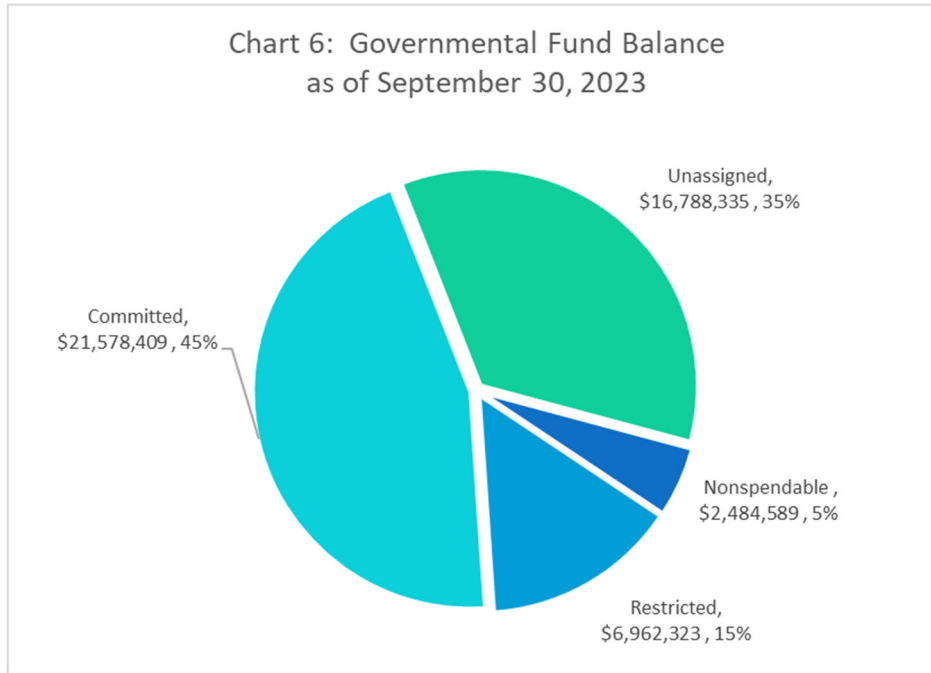


CITY OF DESTIN, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023

**Unassigned Fund Balance:** \$16.8 million is classified as unassigned which identifies net resources available for spending at the end of the fiscal year.

Chart 6 depicts the total governmental fund balance by major classification:



*General Fund*

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund balance totaled \$32.4 million of which \$17.8 million 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 138%, or approximately 17 months of the General Fund’s total operating expenditures.

The fund balance of the City’s General Fund increased nearly \$4.3 million during the current fiscal year from \$28.1 to \$32.4 million. While we tend to budget to keep the General Fund balance level, during

FY 2023 actual revenues were \$1.5 million higher than anticipated (all attributed to investment gains) and expenditures plus transfers out were \$3.5 million lower than planned primarily due to difficulty in maintaining budgeted staffing levels.

The total revenues of the General Fund increased \$3 million from \$16.9 million in FY 2022 to \$19.9 million in FY 2023. The main change was in investment income. The value of the city’s surplus cash investment portfolio was valued \$1.5 million higher at the end of FY 2023 than it was at the end of FY 2022. The second major factor is related to property taxable values which increased and resulted in collection of \$1.1 million more in ad valorem property taxes during FY 2023 than in FY 2022. As mentioned earlier, the City continues to maintain the same millage rate of 1.615 since FY 2017.

The total expenditures of the General Fund increased \$725 thousand (6%). In late FY 2022, the City implemented compensation study results, increasing salaries for over 70% of our staff. FY 2023 reflects the first full year of personnel costs at the new rates. Culture and recreation accounts for 44% of City personnel and also represents the majority of personnel who benefited most from the compensation study. Culture and recreation expenses paid by the General Fund increased 15% (\$481 thousand), primarily due to above mentioned increase in personnel costs, but also due to increased expenditures for maintenance of grounds and facilities and repairs to aging equipment and facilities. The second highest expense activity in the General Fund was towards Public Safety, which includes our Contract with the Okaloosa Sheriff’s Office and our internal Code Compliance department. Public Safety expenditures were \$222 thousand higher in FY 2023 than in FY 2022. The Sheriff’s contract was approximately \$100 thousand higher due to labor and fuel cost increases, and the Code Compliance department was also approximately \$100 thousand higher for the same reasons.

## CITY OF DESTIN, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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#### *Okaloosa Half Penny Fund*

The Okaloosa Half Penny Fund is the second largest governmental fund. The residents of Okaloosa County voted in a half-penny infrastructure surtax for the ten-year period beginning January 2019. Council has committed these funds to be expended on beach park acquisition and development, undergrounding overhead utilities, renewing stormwater infrastructure, and to address traffic safety issues. During FY 2023, the Okaloosa Half Penny fund balance increased \$1 million. The City is banking most of this surtax to grow the fund balance to address stormwater issues and for the Undergrounding project which is expected to break ground in FY 2024. The City received 1% more (\$12 thousand) of this sales tax in FY 2023 than FY 2022. Expenditures were \$30 thousand higher in FY 2023 than FY 2022.

#### *Capital Projects Fund*

The third major governmental fund is the Capital Projects fund. This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The fund balance increased 29% (\$1.7 million) from a balance of \$5.7 million at the end of FY 2022 to \$7.4 million at the end of FY 2023. Most of the fund balance (\$5.2 million) is restricted by state statutes or grant donor covenants. Revenues were 312% (\$10.3 million) higher in FY 2023 than FY 2022 due to an increase in capital grants (\$11.8 million versus \$2.1 million). Also, FY 2023 was the first full year of collections for the new 2% Electric Franchise fee restricted for undergrounding of overhead utilities, which increased the licenses and permits category by \$210 thousand above FY 2022 collections. Capital outlays were 221% higher in FY 2023 (\$9.2 million higher) as compared to FY 2022 because of the capital grants. In FY 2023, \$14.9 million was expended on beach park development (\$7 million was borrowed from the Okaloosa Tourism Development Council). The City expended \$3.6 million to purchase land towards completion of the Cross Town Connector roadway, and \$1.3 million was expended to renew aging facilities and to replace aged equipment.

#### *CRA Town Center Special Revenue Fund*

The CRA Town Center Special Revenue fund is the fourth largest governmental fund. The CRA Town Center Special Revenue fund balance increased \$700 thousand. Ad valorem tax and tax incremental financing revenues increased \$324 thousand (24%) from \$1.4 million collected in FY 2022 to \$1.7 million in FY 2023 because taxable property values in this area increased in this primarily commercial area. Expenditures increased \$185 thousand. Most of this increase was \$114 thousand grant matching funds expended to design a linear trail. Professional Services also increased to hire an outside firm to lead re-writing of the Town Center CRA Master Plan with community input.

***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, 2023 of \$5.7 million. The total increase in net position was \$896 thousand. Most of this increase was the change in value of the portfolio, which increased \$687 thousand. The remainder is employer contributions net of withdrawals by former employees.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- The adopted budget for revenue was adjusted during FY 2023 to account additional grants (intergovernmental revenues) awarded during the year and for prior year grant award revenue that received grant extensions. The expenditure budget was likewise increased to account for additional grant expenditures and prior year encumbrances were rolled forward.
- Actual General Fund revenues collected were nearly \$1.5 million more than the final adopted budget. Most of the unanticipated revenues were license and permit fees, particularly the categories of franchise fees and rental registration fees. The second highest contributor was investment earnings due to nation-wide interest rate increases (invested surplus funds).

## CITY OF DESTIN, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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- Actual General Fund expenditures were \$2.5 million lower than the final adopted budget. Most of this is due to personnel shortages. The City paid only 75% of the labor hours budgeted as we were not able to keep all of the budgeted positions filled.

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

#### Revenues

The General Fund actual revenue results were \$1.5 million (8%) higher in total than budgeted, primarily attributed to the following reasons:

- License and permit fee collections were nearly \$594 thousand (15%) higher than budgeted, mostly in the subcategories of rental registration fees and franchise fees. Rental registration fees accounted for \$258 thousand of the total license and permit fee increase. Town hall meetings and a new committee discussing issues of short-term rentals has helped improve public knowledge and compliance with registration. The electric franchise fees were \$256 thousand, or 15% higher than the adopted budget. Florida Power & Light has taken over operations of Gulf Power and their rate structure and pricing is different than Gulf Power.
- Investment income came in \$244 thousand (104%) higher than budgeted. As the Federal Reserve increased interest rates, the City's operating cash in interest bearing accounts and mutual funds brought in significantly more interest earnings.
- Charges for services were \$228 thousand (49%) higher than budgeted. This is entirely attributed to an increase in parking fees that was put into effect in May as the tourist season began. Fees to park in the parking lots was increased from \$5 for 24 hours to \$15 for 24 hours. Parking is free to citizens who live in Destin City limits. The City now offers annual parking passes for non-residents for \$205.
- During FY 2023, the City received \$193 thousand more in intergovernmental revenues than was anticipated. The City budgets these revenues as they are published by the State of Florida Office of Economic and Demographic Research. Most of the unanticipated revenue was ½ cent sales tax (\$116 thousand above budget) and municipal sharing tax (\$99 thousand above budget).

#### Expenditures

The General Fund actual expenditure results were \$2.5 million (16%) lower in total than budgeted primarily for the following reasons:

- General Government expenditures were \$1.2 million (26%) lower than anticipated. Approximately \$548 thousand is related to staffing shortages and key positions that remained vacant for most of the year. An additional \$536 thousand was budgeted for professional services that were not encumbered. These funds were budgeted to augment staff in community development, engineering, and legal services.
- Culture and recreation is the second category with a significant difference between budget and actual expenditures. Culture and recreation actual expenditures were \$679 thousand (15%) lower than the final adopted budget. The personnel budget accounts for nearly all of the lower expenses. Our culture and recreation programs were not fully staffed the first half of FY 2023.
- Transportation expenditures were \$243 thousand lower than anticipated (12%). Personnel and operating costs were each approximately \$100 thousand less than budgeted. Labor shortages and turnover resulted in lower personnel costs. Due to staff shortage, a number of repair and maintenance projects were delayed.

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.

**CITY OF DESTIN, FLORIDA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

- **Capital Outlays:** The City Council approved a capital improvement plan for the fiscal year 2023 budget that reflects the immediate needs of the City. The majority of capital outlays are tracked in the Capital Projects fund. These projects include improvements for public beach access, constructing an alternative route parallel to Highway 98 to access residential and commercial areas, addition of multi-modal pathways, expansion of parks and recreational amenities, and the continued work on renewing and replacing aged components of facilities and infrastructure.
- **Beach Safety Patrol:** For the eighteenth year, the Council approved funding (\$100,000 in 2023) to support the beach safety patrol operated by the Destin Fire Control District. The funding supports the labor, 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, 2023, was \$139.8 million (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 \$17.5 million or 14% overall, and is summarized as follows:

**Table 4  
Capital Assets  
(net of accumulated depreciation)**

	<b>Governmental Activities</b>			
	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Land	\$ 51,970,597	\$ 35,304,994	\$ 16,665,603	47%
Buildings	6,268,042	6,535,992	(267,950)	-4%
Improvements other than buildings	17,355,410	15,970,158	1,385,252	9%
Infrastructure	55,920,408	56,167,575	(247,167)	0%
Machinery and equipment	3,208,552	2,909,262	299,290	10%
Library, media and art	140,940	130,651	10,289	8%
Construction in progress	4,947,197	5,303,224	(356,027)	-7%
Total capital assets	<u>\$ 139,811,146</u>	<u>\$ 122,321,856</u>	<u>\$ 17,489,290</u>	<u>14%</u>

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

- In partnership with the Okaloosa Tourism Development Council and the Okaloosa Board of County Commissioners, the City acquired \$14 million of land near the Tarpon Beach access trail. The City and the County are splitting the costs of the land, park design and park construction 50/50 as memorialized in an interlocal agreement.
- The Florida Department of Transportation helped the City purchase \$2.6 million of land that will become part of a local roadway connecting West Destin to East Destin as an alternative to highway 98 (cross-town connector).
- In partnership with the Okaloosa Board of County Commissioners, the City completed construction of the Captain Royal Melvin Heritage Park and Plaza on the harbor and officially opened the park in July 2023.

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

# CITY OF DESTIN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

### LONG-TERM DEBT

At September 30, 2023, the City had total revenue notes payable of \$19 million. 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**  
**Governmental Activities**

	<b>2023</b>	<b>2022</b>	<b>\$ Change</b>	<b>% Change</b>
Revenue notes	\$ 25,290,382	\$ 21,093,561	\$ 4,196,821	20%
Financed purchases	239,042	106,708	132,334	124%
Total debt	<u>\$ 25,529,424</u>	<u>\$ 21,200,269</u>	<u>\$ 4,329,155</u>	<u>20%</u>

During 2023, the City borrowed approximately \$7 million from Okaloosa County in the form of an Advance Funding Agreement towards a the purchase of a beachfront parcel to expand a beach park. In addition, during 2023, the City entered into new financed purchase agreements as noted in Note 10.

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 five years at 5-7% a year. The tax levy for FY 2024 is estimated to be over 10% higher than FY 2023. 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. In FY 2023, sales taxes were 1% lower than FY 2022, however, the Florida Office of Economic and Development Research projects the city will receive 6% more in FY 2024. 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, FY 2023 collections were nearly the same as FY 2022. The Florida Department of Revenue's Office of Tax Research estimates FY 2024 fuel tax collections will be 6-9% higher than FY 2023.

The second major revenue category is grants (recurring and non-recurring). The City has a strong base of approximately \$750 thousand per year in recurring operating grants for parks, the library, and transportation (median and streetlight maintenance). Capital grants are generally non-recurring. For fiscal year 2024, the City anticipates investing \$10 million into parks, roadways and stormwater infrastructure from non-recurring grants from Federal, State, and County sources. These additional one-time grants account for 14% of the adopted FY 2024 expenditure budget of \$71 million.

## CITY OF DESTIN, FLORIDA

### MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

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The third largest revenue category includes miscellaneous revenues, such as charges for services, impact fees, permits, and fines. Some of these miscellaneous revenues tend to be fairly stable year over year, such as charges for services and licenses. Some of these miscellaneous revenues are very unpredictable as they depend upon development (building permits and impact fees) and national interest rates (investment income).

On the expenditure forecast side, the primary driver for increased expenditures is the capital outlays. Capital outlays are expected to increase to \$49 million, which is \$28.1 million more than the \$20.9 million expended in FY 2023. Over \$10 million (20%) of the capital expenditures are covered by grant agreements. Over \$5.7 million (12%) is covered by the Renewal & Replacement Fund and the General Fund (matching funds to grants and to bridge grant shortfalls). The remaining \$33.7 million will be covered by a combination of restricted and committed funds on hand plus new debt.

The operating expenditure forecast for FY 2024 is estimated to increase to \$22.6 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. For FY 2024 we anticipate personnel costs to be 1% higher (\$78 thousand) than anticipated for FY 2023. Contractual service is the second largest operating expenditure category, which we expect to decrease by 5% now that most departments are closer to fully staffed and trained.

The City began investing heavily in new technology to expand e-government services even before the COVID-19 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 previously 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. During FY 2024, the City plans to continue upgrading this technology and working with software consultants to streamline these processes.

In the fall of 2022, the City of Destin again renegotiated an interlocal agreement with the Okaloosa County Tourist Development Council (TDC) for beach park expansion. Under this new agreement, the TDC committed an additional \$8 million to develop a new park at Tarpon Beach. In addition, beginning in the fall of 2022, the TDC has dedicated \$1.5 million per year for the City of Destin for the next 20 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. Unused funds from any year can be "banked" for use in a later year.

In the fall of 2023, City Council made a motion to purchase a waterfront property in the Harbor District next to the Marler Bridge, which is one of the primary access points to the City. The General Fund will lend the funds for closing to the Harbor CRA at the start of fiscal year 2024. The Harbor CRA will repay the General Fund in the Spring of 2024 when it issues debt. The also City intends to issue debt in the Spring of 2024 to underground the overhead utilities within the Harbor CRA district, starting at the Marler Bridge. This parcel near the bridge will help the City create safer ways to get visitors from parking areas on the north side of US Highway 98 down to the south side of the highway onto the harbor where the charter boats dock and many restaurants and entertainment businesses are located.

Regional economic indicators were also considered in preparing the 2024 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](http://www.cityofdestin.com).

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## **BASIC FINANCIAL STATEMENTS**



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**CITY OF DESTIN, FLORIDA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 22,932,837
Investments	15,022,977
Restricted asset, cash and cash equivalents	9,741,457
Accounts receivable	392,607
Due from other governments	1,704,094
Prepaid items	122,045
Deposits	920
Capital assets	
Non-depreciable	56,917,794
Depreciable, net	82,893,352
<b>Total assets</b>	<b>189,728,083</b>
<b>Deferred outflows of resources</b>	
Deferred charge on refunding	53,275
<b>Total deferred outflows of resources</b>	<b>53,275</b>
<b>Liabilities</b>	
Accounts payable	559,086
Unearned revenue	1,544,195
Accrued interest	114,507
Noncurrent liabilities	
Due within one year	3,316,283
Due in more than one year	22,745,370
Total liabilities	<b>28,279,441</b>
<b>Net position</b>	
Net investment in capital assets	114,141,436
Restricted for	
Capital improvements	7,598,291
Debt service	342,229
Florida Building Code enforcement	342,260
Community redevelopment	730,649
Unrestricted	38,347,052
Total net position	<b>\$ 161,501,917</b>

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

**CITY OF DESTIN, FLORIDA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
<b>Governmental activities:</b>					
General government	\$ 3,604,493	\$ 82,119	\$ -	\$ -	\$ (3,522,374)
Public safety	4,441,808	2,047,595	-	-	(2,394,213)
Physical environment	996,593	82,338	-	258,686	(655,569)
Transportation	3,587,231	835,138	199,466	3,491,891	939,264
Economic environment	244,282	-	-	45,118	(199,164)
Human services	53,466	-	-	-	(53,466)
Culture/recreation	4,589,126	517,023	671,630	8,644,542	5,244,069
Interest on long-term debt	513,582	-	-	-	(513,582)
Total governmental activities	<u>\$ 18,030,581</u>	<u>\$ 3,564,213</u>	<u>\$ 871,096</u>	<u>\$ 12,440,237</u>	<u>(1,155,035)</u>
		General revenues			
		Property taxes			12,464,569
		Sales, use and fuel taxes			2,522,425
		Communication services taxes			929,972
		Other general taxes			119,214
		Franchise taxes			3,514,832
		Unrestricted state revenue sharing			2,481,969
		Impact fees			453,374
		Investment income			578,203
		Miscellaneous income			102,444
		Total general revenues and transfers			<u>23,167,002</u>
		Change in net position			22,011,967
		Net position, beginning of year			139,489,950
		Net position, end of year			<u>\$ 161,501,917</u>

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

CITY OF DESTIN, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	General Fund	Special Revenue		Debt Service	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		CRA Town Center Fund	Okaloosa Half-Penny Fund	2023 TDC Advance Fund			
<b>Assets</b>							
Cash and cash equivalents	\$ 13,761,681	\$ -	\$ 5,550,775	\$ -	\$ 1,732,811	\$ 1,887,570	\$ 22,932,837
Investments	15,022,977	-	-	-	-	-	15,022,977
Due from other funds	1,001,554	-	-	-	9,984	488	1,012,026
Due from other governments	473,420	-	181,223	-	1,049,451	-	1,704,094
Accounts receivable	281,698	-	-	-	110,909	-	392,607
Advance to other funds	2,361,624	-	-	-	-	-	2,361,624
Prepaid items	122,045	-	-	-	-	-	122,045
Deposits	920	-	-	-	-	-	920
Restricted cash and cash equivalents	-	1,419,550	-	-	6,893,009	1,428,898	9,741,457
Total assets	<u>\$ 33,025,919</u>	<u>\$ 1,419,550</u>	<u>\$ 5,731,998</u>	<u>\$ -</u>	<u>\$ 9,796,164</u>	<u>\$ 3,316,956</u>	<u>\$ 53,290,587</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 292,966	\$ 21,673	\$ 16,995	\$ -	\$ 193,561	\$ 33,891	\$ 559,086
Unearned revenue	347,876	-	-	-	1,196,319	-	1,544,195
Due to other funds	10,472	-	-	-	1,001,554	-	1,012,026
Advance from other funds	-	2,361,624	-	-	-	-	2,361,624
Total liabilities	<u>651,314</u>	<u>2,383,297</u>	<u>16,995</u>	<u>-</u>	<u>2,391,434</u>	<u>33,891</u>	<u>5,476,931</u>
<b>Fund balances</b>							
Nonspendable	2,484,589	-	-	-	-	-	2,484,589
Restricted	-	-	-	-	5,152,462	1,809,861	6,962,323
Committed	12,137,934	-	5,715,003	-	2,252,268	1,473,204	21,578,409
Unassigned	17,752,082	(963,747)	-	-	-	-	16,788,335
Total fund balances	<u>32,374,605</u>	<u>(963,747)</u>	<u>5,715,003</u>	<u>-</u>	<u>7,404,730</u>	<u>3,283,065</u>	<u>47,813,656</u>
Total liabilities and fund balances	<u>\$ 33,025,919</u>	<u>\$ 1,419,550</u>	<u>\$ 5,731,998</u>	<u>\$ -</u>	<u>\$ 9,796,164</u>	<u>\$ 3,316,956</u>	<u>\$ 53,290,587</u>

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

**CITY OF DESTIN, FLORIDA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

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

Total fund balances - governmental funds		\$ 47,813,656
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental non-depreciable assets	\$ 56,917,794	
Governmental depreciable assets	150,776,105	
Accumulated depreciation	<u>(67,882,753)</u>	139,811,146
<p>Deferred amounts on refunding are not financial resources but are reported as a liability in the statement of net position includes these charges, net of amortization.</p>		
		53,275
<p>Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.</p>		
Notes payable	(25,529,424)	
Accrued interest payable	(114,507)	
Compensated absences	(336,722)	
Total OPEB Liability	<u>(195,507)</u>	<u>(26,176,160)</u>
Net position of governmental activities		<u>\$ 161,501,917</u>

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

CITY OF DESTIN, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue			Debt Service	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	CRA Town Center Fund	Okaloosa Half-Penny Fund	2023 TDC Advance Fund			
<b>Revenues</b>							
Taxes	\$ 11,560,705	\$ 1,684,231	\$ 1,717,216	\$ -	\$ 244,619	\$ 820,248	\$ 16,027,019
Licenses and permits	3,556,779	-	-	-	1,003,666	894,317	5,454,762
Impact fees	-	-	-	-	453,374	-	453,374
Intergovernmental revenues	3,404,404	-	-	750,000	11,783,845	-	15,938,249
Charges for services	691,489	-	-	-	-	825,105	1,516,594
Fines and forfeitures	107,689	-	-	-	-	-	107,689
Investment income	479,432	9,023	31,185	-	40,819	17,744	578,203
Contributions	5,042	-	-	-	-	-	5,042
Miscellaneous revenues	128,584	-	-	-	-	-	128,584
Total revenues	<u>19,934,124</u>	<u>1,693,254</u>	<u>1,748,401</u>	<u>750,000</u>	<u>13,526,323</u>	<u>2,557,414</u>	<u>40,209,516</u>
<b>Expenditures</b>							
Current							
General government	3,454,008	-	-	-	-	11	3,454,019
Public safety	3,368,239	-	-	-	-	1,016,467	4,384,706
Physical environment	277,365	-	-	-	-	-	277,365
Transportation	1,806,188	-	-	-	-	90,696	1,896,884
Economic development	14,452	146,684	-	-	-	83,146	244,282
Human services	53,466	-	-	-	-	-	53,466
Culture and recreation	3,772,845	-	-	-	-	-	3,772,845
Capital outlay	84,101	114,905	322,450	7,020,863	13,349,454	-	20,891,773
Debt service							
Principal retirement	10,693	-	-	750,000	200,634	2,074,042	3,035,369
Interest	3,423	-	-	-	9,671	508,411	521,505
Total expenditures	<u>12,844,780</u>	<u>261,589</u>	<u>322,450</u>	<u>7,770,863</u>	<u>13,559,759</u>	<u>3,772,773</u>	<u>38,532,214</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>7,089,344</u>	<u>1,431,665</u>	<u>1,425,951</u>	<u>(7,020,863)</u>	<u>(33,436)</u>	<u>(1,215,359)</u>	<u>1,677,302</u>
<b>Other financing sources (uses)</b>							
Issuance of debt	29,683	-	-	7,020,863	313,978	-	7,364,524
Transfers in	-	-	-	-	1,711,428	3,108,707	4,820,135
Transfers out	(2,833,283)	(731,704)	(353,394)	-	(336,837)	(564,917)	(4,820,135)
Total other financing sources, net	<u>(2,803,600)</u>	<u>(731,704)</u>	<u>(353,394)</u>	<u>7,020,863</u>	<u>1,688,569</u>	<u>2,543,790</u>	<u>7,364,524</u>
<b>Change in fund balances</b>	4,285,744	699,961	1,072,557	-	1,655,133	1,328,431	9,041,826
<b>Fund balances (deficit), beginning of year</b>	28,088,861	(1,663,708)	4,642,446	-	5,749,597	1,954,634	38,771,830
<b>Fund balances (deficit), end of year</b>	<u>\$ 32,374,605</u>	<u>\$ (963,747)</u>	<u>\$ 5,715,003</u>	<u>\$ -</u>	<u>\$ 7,404,730</u>	<u>\$ 3,283,065</u>	<u>\$ 47,813,656</u>

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

**CITY OF DESTIN, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b>Net change in fund balances – total governmental funds</b>		<b>\$ 9,041,826</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 20,890,887	
Less current year depreciation	<u>(3,373,355)</u>	17,517,532
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>		
		(28,242)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal repayment of long-term debt		3,035,369
Issuance of new debt		(7,364,524)
<p>Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds.</p>		
		(138,726)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	(34,676)	
Amortization of bond premium	(6,623)	
Change in accrued interest	7,923	
OPEB expense	<u>(17,892)</u>	<u>(51,268)</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$ 22,011,967</u></u></b>

**CITY OF DESTIN, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 11,529,471	\$ 11,529,471	\$ 11,560,705	\$ 31,234
Licenses and permits	2,962,950	2,962,950	3,556,779	593,829
Intergovernmental revenues	2,941,375	3,211,375	3,404,404	193,029
Charges for services	452,200	463,700	691,489	227,789
Fines and forfeitures	71,500	71,500	107,689	36,189
Investment income	235,100	235,100	479,432	244,332
Contributions	1,700	1,700	5,042	3,342
Miscellaneous revenues	3,601	3,601	128,584	124,983
Total revenues	<u>18,197,897</u>	<u>18,479,397</u>	<u>19,934,124</u>	<u>1,454,727</u>
<b>Expenditures</b>				
Current				
General government	4,248,218	4,673,853	3,454,008	(1,219,845)
Public safety	3,532,959	3,540,743	3,368,239	(172,504)
Physical environment	312,393	384,536	277,365	(107,171)
Transportation	2,044,261	2,050,178	1,806,188	(243,990)
Economic environment	14,500	14,500	14,452	(48)
Human services	89,335	90,085	53,466	(36,619)
Culture/recreation	4,400,941	4,452,238	3,772,845	(679,393)
Capital outlay	102,450	131,654	84,101	(47,553)
Debt service				
Principal retirement	19,254	19,254	10,693	(8,561)
Interest	3,390	3,390	3,423	33
Total expenditures	<u>14,767,701</u>	<u>15,360,431</u>	<u>12,844,780</u>	<u>(2,515,651)</u>
<b>Excess of revenues over expenditures</b>	<u>3,430,196</u>	<u>3,118,966</u>	<u>7,089,344</u>	<u>(1,060,924)</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	-	45,000	29,683	(15,317)
Transfers in	-	87,200	-	(87,200)
Transfers out	(3,635,128)	(3,901,969)	(2,833,283)	1,068,686
Total other financing sources (uses)	<u>(3,635,128)</u>	<u>(3,769,769)</u>	<u>(2,803,600)</u>	<u>966,169</u>
<b>Change in fund balance</b>	(204,932)	(650,803)	4,285,744	(94,755)
<b>Fund balance, beginning of year</b>	28,088,861	28,088,861	28,088,861	-
<b>Fund balance, end of year</b>	<u>\$ 27,883,929</u>	<u>\$ 27,438,058</u>	<u>\$ 32,374,605</u>	<u>\$ (94,755)</u>

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



CITY OF DESTIN, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CRA TOWN CENTER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,684,593	\$ 1,684,593	\$ 1,684,231	\$ (362)
Investment earnings	1,100	1,100	9,023	7,923
Total revenues	<u>1,685,693</u>	<u>1,685,693</u>	<u>1,693,254</u>	<u>7,561</u>
<b>Expenditures</b>				
Current				
Economic development	147,980	204,848	146,684	58,164
Capital outlay	<u>920,000</u>	<u>1,110,000</u>	<u>114,905</u>	<u>995,095</u>
Total expenditures	<u>1,067,980</u>	<u>1,314,848</u>	<u>261,589</u>	<u>1,053,259</u>
<b>Excess of revenues over expenditures</b>	<u>617,713</u>	<u>370,845</u>	<u>1,431,665</u>	<u>1,060,820</u>
<b>Other financing (uses)</b>				
Transfers out	<u>(818,831)</u>	<u>(818,831)</u>	<u>(731,704)</u>	<u>87,127</u>
Total other financing (uses)	<u>(818,831)</u>	<u>(818,831)</u>	<u>(731,704)</u>	<u>87,127</u>
<b>Change in fund balance</b>	<u>(201,118)</u>	<u>(447,986)</u>	<u>699,961</u>	<u>1,147,947</u>
<b>Fund balance (deficit), beginning of year</b>	<u>(1,663,708)</u>	<u>(1,663,708)</u>	<u>(1,663,708)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u><u>\$ (1,864,826)</u></u>	<u><u>\$ (2,111,694)</u></u>	<u><u>\$ (963,747)</u></u>	<u><u>\$ 1,147,947</u></u>

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

**CITY OF DESTIN, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
OKALOOSA HALF PENNY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ -	\$ 1,390,761	\$ 1,717,216	\$ 326,455
Investment earnings	150	150	31,185	31,035
Total revenues	<u>150</u>	<u>1,390,911</u>	<u>1,748,401</u>	<u>357,490</u>
<b>Expenditures</b>				
Capital outlay	2,949,850	3,308,479	322,450	(2,986,029)
Total expenditures	<u>2,949,850</u>	<u>3,308,479</u>	<u>322,450</u>	<u>(2,986,029)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,949,700)</u>	<u>(1,917,568)</u>	<u>1,425,951</u>	<u>(2,628,539)</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,390,760	-	-	-
Transfers out	(353,084)	(353,084)	(353,394)	(310)
Total other financing sources (uses)	<u>1,037,676</u>	<u>(353,084)</u>	<u>(353,394)</u>	<u>(310)</u>
<b>Change in fund balance</b>	(1,912,024)	(2,270,652)	1,072,557	(2,628,849)
<b>Fund balance, beginning of year</b>	4,642,446	4,642,446	4,642,446	-
<b>Fund balance, end of year</b>	<u>\$ 2,730,422</u>	<u>\$ 2,371,794</u>	<u>\$ 5,715,003</u>	<u>\$ (2,628,849)</u>

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

**CITY OF DESTIN, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
2023 TDC ADVANCE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 750,000	\$ 750,000	\$ -
Total revenues	<u>-</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
<b>Expenditures</b>				
Current				
General government	150,000	150,000	-	150,000
Debt service				
Principal retirement	1,000,000	750,000	750,000	-
Capital outlay	-	7,500,000	7,020,863	479,137
Total expenditures	<u>1,150,000</u>	<u>8,400,000</u>	<u>7,770,863</u>	<u>629,137</u>
<b>Deficiency of revenues under expenditures</b>	<u>(1,150,000)</u>	<u>(7,650,000)</u>	<u>(7,020,863)</u>	<u>629,137</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	30,000,000	27,500,000	7,020,863	(20,479,137)
Transfers in	1,000,000	-	-	-
Transfers out	<u>(29,850,000)</u>	<u>(19,850,000)</u>	<u>-</u>	<u>19,850,000</u>
Total other financing sources, net	<u>1,150,000</u>	<u>7,650,000</u>	<u>7,020,863</u>	<u>(629,137)</u>
<b>Change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF DESTIN, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUND  
SEPTEMBER 30, 2023

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**Assets**

Cash and cash equivalents	\$ 324,573
Investments:	
Mutual Funds	<u>5,392,574</u>
Total assets	<u>\$ 5,717,147</u>

**Net Position**

Restricted for pension benefits	\$ <u>5,717,147</u>
Total fund balances	<u>5,717,147</u>
Total liabilities and fund balances	<u>\$ 5,717,147</u>

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

CITY OF DESTIN, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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<b>Additions</b>	
Employer contributions	\$ 555,592
Net investment earnings	<u>687,394</u>
Total additions	<u>1,242,986</u>
<b>Deductions</b>	
Administration expenses	20
Benefits and other withdrawals	<u>346,879</u>
Total deductions	<u>346,899</u>
<b>Change in net position</b>	<u>896,087</u>
<b>Fund balances, beginning of year</b>	<u>4,821,060</u>
<b>Fund balances, end of year</b>	<u>\$ 5,717,147</u>

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

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 1 – NATURE OF ORGANIZATION AND 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 CRA Special Revenue Fund was established by Resolution on March 3, 1998 and 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 (CRA) – Harbor CRA Special Revenue Fund was established by Resolution on June 3, 2003 and 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.

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 function for which the related asset is primarily 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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. 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 non-cash costs, 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 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 restricted, committed, assigned, or unassigned resources are available for use in governmental fund financial statements, it is the City's policy to use restricted resources first, followed by committed, then assigned, and then unassigned resources as they are needed. Resources may be restricted by regulations (i.e. statutes and ordinances), or by covenants and agreements with external agencies such as lenders and grantors. Resources may be committed by Council resolution or motion. Resources become assigned through purchasing agreements and contracts with vendors.

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 or committed by law or by 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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

*Okaloosa Half Penny Fund* – This fund is used to account for proceeds of the Okaloosa Half Penny Infrastructure Surtax. This surtax was voted in by Okaloosa County residents for the ten year period beginning January 2019. In May 2022, Council revised the committed use of these funds towards the following capital projects: 25% for land acquisition; 60% to underground overhead utilities; 10% for stormwater infrastructure; and 5% to be programmed into capital projects by the transportation and safety committee.

*2023 TDC Advance Fund* – This fund is used to account for the interlocal agreement between the City and Okaloosa County from Tourism Development revenues and the repayment of this liability.

*Capital Projects Fund* – The majority of funds that are restricted or committed to capital projects are accounted for in the Capital Projects Fund. This includes impact fees restricted to growth-necessitated capital improvements, capital project grants, and funds committed for City's annual renewal and replacement program.

***Fiduciary Funds***

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.

**Cash and Cash Equivalents**

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid debt instruments (including restricted assets), with a maturity of three months or less when purchased, are considered 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 the fair value on the financial statement date. 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 by resolution adopting an investment policy. The portfolio of investments is maintained by an investment advisory firm as overseen by the Finance Director who provides a portfolio report quarterly to Council. The report provides a breakdown of the portfolio as well as its overall performance.



**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

- 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, 2023.

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.

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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City assesses 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**

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and are not eliminated in the process of consolidation.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that 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. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectibles. The City's allowance estimate is based on historical collection experience and a review of the current status of accounts receivable.

At September 30, 2023, 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:

Lien date	January 1, 2022
Levy date	November 1, 2022
Due date	March 31, 2023
Delinquency date	April 1, 2023

Discounts of 1% for each month taxes are paid prior to March 2023 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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 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:

<u>Assets</u>	<u>Years</u>
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

**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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Vacation leave is earned as follows:

<u>Years of Employment</u>	<u>Days Accrued per Year</u>
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, 2023, the City had \$314,003 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, 2023, the City had \$22,719 recorded as accumulated compensatory leave.

**Liabilities**

In the statement of net position, liabilities are classified as current and non-current. At September 30, 2023, the City had \$1,544,195 in unearned revenue recorded under current liabilities. This amount includes \$85,856 for fiscal year 2024 business licenses, \$262,290 for sidewalk infrastructure costs not yet incurred, and \$1,196,319 for the American Rescue Plan Act's State and Local Fiscal Recovery Funds received but not yet expended. These amounts have been received but have not yet been earned. They will be earned upon expenditure of a qualifying expense. If they are not expended for a qualifying expense then they must be returned.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds 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 expensed as incurred.

The difference between the reacquisition price (new debt) and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is offset against the new liability.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Other Benefits**

The Post-Employment Healthcare Benefits 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 Healthcare Benefits 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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2023, the City had \$53,275 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2023, the City had no deferred inflows.

**Fund Balance**

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.

*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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

***Estimates***

The preparation of financial statements in conformity with GAAP 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, 2023, annual appropriated budgets were adopted by ordinance for all governmental funds. All appropriations lapse at year-end except for appropriations encumbered by purchase orders.

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 millage rate, 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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The City's investments at September 30, 2023 consist of the following:

<b>Investments - Governmental Funds</b>	<b>Maturity</b>	<b>Rating</b>	<b>Fair Value</b>
U.S. Treasuries	02/15/24-02/15/33	Aaa	\$ 5,463,961
Mortgage and asset backed securities	10/01/23-09/01/51	AA+ to AAA	7,196,808
Municipals	02/15/24-08/01/30	AA- to AAA	169,188
Investment grade corporate bonds	10/26/24-05-15-33	BBB+ to AA+	680,066
FDIC Insured certificates of deposit	09/30/23-04/13/26		1,512,954
Total investments - governmental funds			<u>\$ 15,022,977</u>

<b>Investments - Pension Funds</b>	<b>Fair Value</b>
American AMCAP Fund, Class A	\$ 438,707
American Bond Fund of America, Class A	509,700
American Capital Income Building Fund Class A	1,070,499
Europacific Growth Fund Class A	822,775
American Intermediate Bond Fund of America Class A	527,915
American Investment Company of America Class A	1,749,402
American Short-Term Bond Fund of America Class A	273,576
Total investments - pension fund	<u>\$ 5,392,574</u>

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. The average portfolio maturity shall not be more than five years.

**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, 2023, 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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2023, the City held 23%, 18%, 18%, 7% and 7% of its investment balance in U.S. Treasury notes, JP Morgan Money Market, Goldman Sachs Money Market, Freddie Mac, and Fannie Mae respectively.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2023 were as follows:

	<b>Governmental Activities</b>
Franchise fees	\$ 281,687
Electric franchise fee (restricted)	110,909
Other	11
	<u>\$ 392,607</u>

**NOTE 5 – DUE FROM OTHER GOVERNMENTS**

The amount due from other governments at September 30, 2023, were composed of the following:

	<b>Governmental Activities</b>
<b>State of Florida:</b>	
State Shared Taxes (1/2 Cent Sales Tax)	\$ 201,279
FDOT TRIP Capital Grant for Cross-Town Connector	837,554
FDEP Operating Grant Leonard Destin Park	162,528
FDOT Operating Grant for Median Maintenance via Ferrovial	3,302
FDOT Capital Grant to design Linear Trail Park	114,905
<b>Okaloosa County:</b>	
Tourist Development Council - Beach Operations	106,250
Tourist Development Council - Interlocal Agreement (capital project grants)	97,054
Okaloosa Half Penny Surtax (shared tax)	181,222
	<u>\$ 1,704,094</u>



**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**

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

	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 1,001,554	\$ 10,472
Florida Building Fund	488	-
Capital Project Fund	9,984	1,001,554
	<u>\$ 1,012,026</u>	<u>\$ 1,012,026</u>

The General Fund advanced funds to the CRA Town Center Special Revenue Fund to make debt service payments.

	<b>Advance From</b>	<b>Advance To</b>
General Fund	\$ 2,361,624	\$ -
CRA Town Center Special Revenue Fund	-	2,361,624
	<u>\$ 2,361,624</u>	<u>\$ 2,361,624</u>

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, 2023:

	<b>Transfers In</b>	<b>Transfer Out</b>
General Fund <sup>(1)</sup>	\$ -	\$ 2,833,283
CRA Town Center <sup>(2)</sup>	-	731,704
CRA Harbor <sup>(3)</sup>	-	479,995
Florida Building Code <sup>(4)</sup>	-	84,922
Other Special Revenue Funds <sup>(5)</sup>	189,484	353,394
2013 Debt Service Fund <sup>(6)</sup>	554,278	-
2014 Debt Service Fund <sup>(7)</sup>	731,704	-
2021 Debt Service Fund <sup>(8)</sup>	1,296,404	-
Capital Project Funds <sup>(9)</sup>	1,711,428	336,837
Water Quality Fund <sup>(10)</sup>	336,837	-
	<u>\$ 4,820,135</u>	<u>\$ 4,820,135</u>

- (1) The General Fund transferred \$1,711,428 to the capital project funds, \$554,278 to the 2013 Debt Service fund, \$463,015 to the 2021 Debt Service fund, and \$104,561 to the Technology special revenue fund.
- (2) The CRA Town Center Special Revenue fund transferred \$731,704 to the 2014 Debt Service fund to meet debt service requirements.
- (3) The CRA Harbor Special Revenue fund transferred \$479,995 to the 2021 Debt Service fund to meet debt service requirements.
- (4) The Florida Building Code fund transferred 10% of building permit revenue (\$84,922) to the Technology Special Revenue fund.
- (5) The Okaloosa Half Penny special revenue fund transferred \$353,394 to the 2021 debt service fund to meet debt service requirements. The Technology Special Revenue fund received 10% of permit and license fees in the amount of \$ 189,484 (\$84,922 from the Florida Building Code Fund and \$104,561 from the General Fund).
- (6) The 2013 Debt Service fund received \$554,278 from the general fund to meet debt service requirements.
- (7) The 2014 Debt Service fund received \$731,704 from the CRA Town Center Special Revenue fund to meet debt service requirements.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS (CONTINUED)**

- (8) The 2021 Debt Service fund received \$1,296,404 from the General Fund (\$463,015), the Okaloosa Half Penny special revenue fund (\$353,394), and the CRA Harbor special revenue (\$479,995) fund to meet debt service requirements.
- (9) The Capital Projects fund received \$1,711,428 from the General Fund for capital projects, and transferred out \$336,837 to establish the Water Quality Fund. The Water Quality Fund was established to track obligations of the City's Net Positive Environmental Benefit ordinance and covenants with the Florida Department of Environmental Protection with more transparency.
- (10) The Water Quality Fund received \$336,837 from the City's Capital Projects fund. A resolution was made by Council to separate the City's Net Positive Environmental Benefit fees and funds from the Florida Department of Environmental Protection that are restricted to water quality initiatives. This new fund was set up with an effective date of October 2022 (first period of fiscal year 2023).

**NOTE 7 – CAPITAL ASSETS**

Capital asset balances and activity for the year ended September 30, 2023 were as follows:

	Balance 09/30/2022	Additions	Deletions/ Reclassifications	Balance 09/30/2023
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 35,304,994	\$16,665,603	\$ -	\$ 51,970,597
Construction in progress	5,303,224	2,152,279	(2,508,306)	4,947,197
Total capital assets, not being depreciated	<u>40,608,218</u>	<u>18,817,882</u>	<u>(2,508,306)</u>	<u>56,917,794</u>
Capital assets, being depreciated				
Buildings	13,018,030	68,879	-	13,086,909
Improvements other than buildings	39,590,803	2,233,413	-	41,824,216
Infrastructure	86,457,575	1,517,247	-	87,974,822
Machinery, equipment, vehicles	6,691,601	707,354	(502,898)	6,896,057
Library media and art	939,683	54,418	-	994,101
Total capital assets, being depreciated	<u>146,697,692</u>	<u>4,581,311</u>	<u>(502,898)</u>	<u>150,776,105</u>
Less accumulated depreciation for:				
Buildings	(6,482,038)	(336,829)	-	(6,818,867)
Improvements other than buildings	(23,620,645)	(848,161)	-	(24,468,806)
Infrastructure	(30,290,000)	(1,764,414)	-	(32,054,414)
Machinery, equipment, vehicles	(3,782,339)	(379,822)	474,656	(3,687,505)
Library media and art	(809,032)	(44,129)	-	(853,161)
Total accumulated depreciation	<u>(64,984,054)</u>	<u>(3,373,355)</u>	<u>474,656</u>	<u>(67,882,753)</u>
Total capital assets, being depreciated, net	<u>81,713,638</u>	<u>1,207,956</u>	<u>(28,242)</u>	<u>82,893,352</u>
Governmental activities capital assets, net	<u>\$ 122,321,856</u>	<u>\$20,025,838</u>	<u>\$ (2,536,548)</u>	<u>\$ 139,811,146</u>

**CITY OF DESTIN, FLORIDA**  
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**NOTE 7 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended September 30, 2023 totaled \$3,373,355 for governmental activities and was allocated to specific functions as follows:

<b>FUNCTION</b>	<b>DEPRECIATION</b>
General government	\$ 137,307
Public safety	44,348
Physical environment	717,851
Transportation	1,678,826
Culture and recreation	795,023
Total	<u>\$ 3,373,355</u>

**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, 2023:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Capital improvement refunding revenue note, series 2013	\$ 4,281,980	\$ -	\$ (424,247)	\$ 3,857,733	\$ 436,296
Town center area redevelopment refunding revenue note, series 2014	8,499,581	-	(441,795)	8,057,786	457,081
Refunding revenue note, series 2021	8,312,000	-	(1,208,000)	7,104,000	1,232,000
TDC Advanced Funding Agreement	-	7,020,863	(750,000)	6,270,863	750,000
Financed purchases	106,708	343,661	(211,327)	239,042	132,004
	<u>21,200,269</u>	<u>7,364,524</u>	<u>(3,035,369)</u>	<u>25,529,424</u>	<u>3,007,381</u>
Compensated absences	302,046	320,860	(286,184)	336,722	308,902
Other post-employment benefits liability	177,615	30,448	(12,556)	195,507	-
	<u>479,661</u>	<u>351,308</u>	<u>(298,740)</u>	<u>532,229</u>	<u>308,902</u>
	<u>\$ 21,679,930</u>	<u>\$ 7,715,832</u>	<u>\$ (3,334,109)</u>	<u>\$ 26,061,653</u>	<u>\$ 3,316,283</u>

Compensated absences and the other postemployment benefits liability are liquidated from the General Fund which pays over 95% of personnel expenditures. Financed purchases are paid out of the General 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. The Advanced Funding Agreement is paid out of the 2024 Advanced Funding Agreement Fund.

**NOTE 9 – NOTES PAYABLE**

*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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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**NOTE 9 – NOTES PAYABLE (CONTINUED)**

- 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 4.85 as of September 30, 2023.

*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 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-ad valorem 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.

*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 5.96 as of September 30, 2023.

**CITY OF DESTIN, FLORIDA**  
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**NOTE 9 – NOTES PAYABLE (CONTINUED)**

*Okaloosa Tourism Development Council Advanced Funding Agreement 2023*

In November 2022, the City closed on a property at Tarpon Beach. The Okaloosa Tourism Development Council paid the City's half of the acquisition and closing costs of \$7,020,863. In accordance with the Beach Acquisition interlocal agreement between the City of Destin and Okaloosa County amended and restated on 12/27/2022, the City shall repay this loan at the rate of \$750,000 per year until paid in full. The loan carries an interest rate of 0.0% and the final payment is due September 2032.

The advanced funding portion of this agreement provides for:

- A. Financing the Acquisition of Certain Real Property within the City to be Used to Expand Public Beach Access  
 The 2023 loan is to assist in the acquisition of parcels of land at Tarpon Beach that will be used to expand public beach access.
- B. Pledging certain funds to secure payment  
 This note is secured by Tourism Development taxes collected by Okaloosa County and approved for distribution to municipalities in accordance with an interlocal agreement. Okaloosa County borrowed from the beach renourishment reserves to provide this loan. In the event the County finds the urgent need to borrow from a commercial lender to accomplish urgent beach renourishment, the interest rate paid by the City will increase from 0% to cover the interest paid by the County to the lender.

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

<b>Year ending September 30,</b>			
<i>TDC Advanced Funding Agreement, 2023</i>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 750,000	\$ -	\$ 750,000
2025	750,000	-	750,000
2026	750,000	-	750,000
2027	750,000	-	750,000
2028	750,000	-	750,000
2029-2033	2,520,863	-	2,520,863
2043-2037	-	-	-
Subtotal	<u>\$ 6,270,863</u>	<u>\$ -</u>	<u>\$ 6,270,863</u>

<b>Year ending September 30,</b>			
<i>Non-Ad Valorem Refunding Revenue Note, Series 2021</i>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,267,000	31,886	1,298,886
2028	1,284,000	17,415	1,301,415
2029-2033	826,000	2,754	828,754
2043-2037	-	-	-
Subtotal	<u>\$ 7,104,000</u>	<u>\$ 233,310</u>	<u>\$ 7,337,310</u>

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 9 – NOTES PAYABLE (CONTINUED)**

**Year ending September 30,**  
*Town Center Redevelopment Refunding Revenue Note, Series 2014*

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 457,081	\$ 274,771	\$ 731,852
2025	472,896	259,184	732,080
2026	489,258	243,058	732,316
2027	506,186	226,375	732,561
2028	523,700	209,114	732,814
2029-2033	2,903,162	765,013	3,668,175
2043-2037	<u>2,705,503</u>	<u>234,565</u>	<u>2,940,068</u>
Subtotal	<u>\$8,057,786</u>	<u>\$2,212,080</u>	<u>\$10,269,866</u>

**Year ending September 30,**  
*Capital Improvement Refunding Revenue Note, Series 2013*

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 436,296	\$ 117,275	\$ 553,571
2025	448,687	104,012	552,699
2026	461,429	90,372	551,801
2027	474,534	76,344	550,878
2028	488,011	61,918	549,929
2029-2033	1,548,776	95,044	1,643,820
2043-2037	-	-	-
Subtotal	<u>\$ 3,857,733</u>	<u>\$ 544,965</u>	<u>\$4,402,698</u>

**GRAND TOTAL**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 2,875,377	\$ 466,560	\$ 3,341,937
2025	2,907,583	423,678	3,331,261
2026	2,959,687	379,689	3,339,376
2027	2,997,720	334,605	3,332,325
2028	3,045,711	288,447	3,334,158
2029-2033	7,798,800	862,811	8,661,611
2043-2037	<u>2,705,503</u>	<u>234,565</u>	<u>2,940,068</u>
Subtotal	<u>\$ 25,290,381</u>	<u>\$ 2,990,355</u>	<u>\$28,280,736</u>

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 10 – FINANCED PURCHASE AGREEMENTS**

In July 2021, the City entered into an agreement for land adjacent to City Hall as sporting fields (Morgans Sports Center). In August 2022, the agreement was extended to September 2042 and the annual payments were decreased. The present value of the future minimum payments amount was revised to \$103,376. As there is no explicit rate in the contract, the present value was calculated using the City's Weighted Average Cost of Capital (WACC) of 3.08%. The current agreement has a termination date of September 30, 2042.

In July 2022, the City entered into an agreement to use Tyler SaaS and ERP system to include an enterprise asset management system for a minimum of three years. The remaining present value of the future minimum payments was recorded in the amount of \$313,978. As there is no explicit rate in the contract, the present value was calculated using the City's WACC of 3.08%.

In June 2023, the City entered into an agreement to lease eight copy machines over 24 months, July 2023 to June 2025. The agreement was recorded at the present value of the future minimum payments \$29,683, as of the inception date. As there is no explicit rate in the contract, the present value was calculated using the City's WACC of 3.08%.

Principal and interest amounts due on are as follows:

	<b>Year ending September 30,</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 132,004	\$ 7,154	\$ 139,158
2025	15,400	3,091	18,491
2026	4,180	2,820	7,000
2027	4,308	2,692	7,000
2028	4,508	2,559	7,067
2029-2033	24,343	10,657	35,000
2034-2038	28,330	6,670	35,000
2039-2042	25,969	2,031	28,000
<b>Total</b>	<b>\$ 239,042</b>	<b>\$ 37,674</b>	<b>\$ 276,716</b>

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 11 – OTHER POST-EMPLOYMENT 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.

**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 Post-Employment 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. No assets are being accumulated in a GASB-compliant trust. For the fiscal year ended September 30, 2023, no retirees received post-employment health care benefits.

**Employees covered by benefit terms**

At September 30, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members or Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	85
	85
	85

**Total OPEB Liability**

The City's total OPEB liability of \$195,507 was measured as of September 30, 2023 and was determined by an actuarial valuation as of September 30, 2021.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, updated to September 30, 2023, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.87%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	53

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



**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability**

Total OPEB liability as of September 30, 2022	\$ 177,615
Changes for the year:	
Service cost	21,219
interest	9,229
Changes of assumptions	(1,739)
Benefit payments	(10,817)
Total changes	<u>17,892</u>
Total OPEB liability as of September 30, 2023	<u>\$ 195,507</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 or 1- percentage-point higher than the current discount rate:

	<b>1% Decrease (3.87%)</b>	<b>Current Discount Rate (4.87%)</b>	<b>1% Increase (5.87%)</b>
Total OPEB liability	<u>\$ 214,042</u>	<u>\$ 195,507</u>	<u>\$ 179,398</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 healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	<b>1% Decrease (3.00% - 6.50%)</b>	<b>Current Discount Rate (4.00% - 7.50%)</b>	<b>1% Increase (5.00% - 8.50%)</b>
Total OPEB liability	<u>\$ 174,237</u>	<u>\$ 195,507</u>	<u>\$ 220,824</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2023, the City recognized OPEB expense of \$30,709. At September 30, 2023, 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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12 – RETIREMENT PLANS (CONTINUED)**

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 seven 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.

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 \$555,592 during the fiscal year ended September 30, 2023. The contributions represent 10.62% of current year covered employee payroll of \$5,232,060.

**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.

**CITY OF DESTIN, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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 leases are to be returned to the lessor.

**NOTE 14 – FUND BALANCE CONSTRAINTS**

The constraints on fund balance as listed in aggregate in the balance sheet for governmental funds are detailed according to balance classification and fund as follows:

Fund Balance	General Fund	CRA Town Center	Okaloosa Half-Penny	Capital Project Fund	CRA Harbor District	Florida Building Code	Technology	Parking	Water Quality	2013	2014	2021	Total Governmental Funds
										Refunding Revenue Note	Refunding Revenue Note	Refunding Revenue Note	
<i>Nonspendable:</i>													
Interfund advance	\$ 2,361,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,361,624
Prepays and deposits	122,965	-	-	-	-	-	-	-	-	-	-	-	122,965
<i>Restricted for:</i>													
Impact fees: park, traffic, library, and police	-	-	-	2,313,445	-	-	-	-	-	-	-	-	2,313,445
Other agreements: NPEB, stormwater, undergrounding, gas tax#2; grants	-	-	-	2,839,017	-	-	-	394,723	-	-	-	-	3,233,740
Debt service	-	-	-	-	-	-	-	-	-	93,987	247,435	807	342,229
CRA Harbor	-	-	-	-	730,649	-	-	-	-	-	-	-	730,649
Florida building code enforcement	-	-	-	-	-	342,260	-	-	-	-	-	-	342,260
<i>Committed for:</i>													
Emergency operations	4,138,122	-	-	-	-	-	-	-	-	-	-	-	4,138,122
Debt service	3,605,098	-	-	-	-	-	-	-	-	-	-	-	3,605,098
Emergency maintenance	4,138,122	-	-	-	-	-	-	-	-	-	-	-	4,138,122
Infrastructure surtax	-	-	5,715,003	-	-	-	-	-	-	-	-	-	5,715,003
Renewal and replacement	-	-	-	2,252,268	-	-	-	-	-	-	-	-	2,252,268
Parking	-	-	-	-	-	-	-	1,030,857	-	-	-	-	1,030,857
Technology	-	-	-	-	-	-	442,347	-	-	-	-	-	442,347
Encumbrances - capital outlay	256,592	-	-	-	-	-	-	-	-	-	-	-	256,592
<i>Unassigned:</i>	17,752,082	(963,747)	-	-	-	-	-	-	-	-	-	-	16,788,335
<b>Total fund balance</b>	<b>\$ 32,374,605</b>	<b>\$ (963,747)</b>	<b>\$ 5,715,003</b>	<b>\$ 7,404,730</b>	<b>\$ 730,649</b>	<b>\$ 342,260</b>	<b>\$ 442,347</b>	<b>\$ 1,030,857</b>	<b>\$ 394,723</b>	<b>\$ 93,987</b>	<b>\$ 247,435</b>	<b>\$ 807</b>	<b>\$ 47,813,656</b>

**NOTE 15 – SUBSEQUENT EVENT**

The City has evaluated all subsequent events through March 5, 2024 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF DESTIN, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS**

Reporting period ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service cost	\$ 21,219	\$ 22,546	\$ 19,941	\$ 20,778	\$ 15,893	\$ 16,440
Interest	9,229	4,456	4,130	6,900	6,085	5,024
Differences between expected and actual experience	-	(22,688)	-	20,020	-	-
Changes of assumptions	(1,739)	(5,775)	(5,158)	(18,085)	8,106	(6,810)
Benefit payments	(10,817)	(8,796)	(8,085)	(8,916)	(6,805)	(6,272)
Net change in total OPEB liability	<u>17,892</u>	<u>(10,257)</u>	<u>10,828</u>	<u>20,697</u>	<u>23,279</u>	<u>8,382</u>
Total OPEB liability - beginning	177,615	187,872	177,044	156,347	133,068	124,686
Total OPEB liability - ending	<u>\$ 195,507</u>	<u>\$ 177,615</u>	<u>\$ 187,872</u>	<u>\$ 177,044</u>	<u>\$ 156,347</u>	<u>\$ 133,068</u>
Covered-employee payroll	\$ 4,643,128	\$ 4,529,881	\$ 2,899,114	\$ 2,828,403	\$ 2,873,422	\$ 2,803,339
Total OPEB liability as a percentage of covered-employee payroll	4.21%	3.92%	6.48%	6.26%	5.44%	4.75%

**Notes to the Schedule:**

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

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.87%	4.77%	2.43%	2.14%	3.58%	4.18%

The schedule will present 10 years of information once it is accumulated.  
There are no assets being accumulated in a trust to pay related benefits for the OPEB plan.

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**COMBINING AND INDIVIDUAL NONMAJOR FUND  
FINANCIAL STATEMENTS**



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CITY OF DESTIN, FLORIDA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023

	Special Revenue Funds					Debt Service Funds			Total Nonmajor Governmental Funds
	CRA Harbor Fund	Florida Building Code Fund	Technology Fund	Parking Fund	Water Quality Fund	2013 Revenue Refunding Note Series Fund	2014 Revenue Refunding Note Series Fund	2021 Revenue Refunding Note Series Fund	
<b>Assets</b>									
Cash and cash equivalents	\$ -	\$ -	\$ 460,721	\$ 1,032,126	\$ 394,723	\$ -	\$ -	\$ -	\$ 1,887,570
Restricted cash and cash equivalents	732,859	353,810	-	-	-	93,987	247,435	807	1,428,898
Due from other funds	-	488	-	-	-	-	-	-	488
<b>Total assets</b>	<u>\$ 732,859</u>	<u>\$ 354,298</u>	<u>\$ 460,721</u>	<u>\$ 1,032,126</u>	<u>\$ 394,723</u>	<u>\$ 93,987</u>	<u>\$ 247,435</u>	<u>\$ 807</u>	<u>\$ 3,316,956</u>
<b>Liabilities and fund balances</b>									
Liabilities									
Accounts payable	\$ 2,210	\$ 12,038	\$ 18,374	\$ 1,269	\$ -	\$ -	\$ -	\$ -	\$ 33,891
Total liabilities	<u>2,210</u>	<u>12,038</u>	<u>18,374</u>	<u>1,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,891</u>
Fund balances									
Restricted	730,649	342,260	-	-	394,723	93,987	247,435	807	1,809,861
Committed	-	-	442,347	1,030,857	-	-	-	-	1,473,204
Total fund balances	<u>730,649</u>	<u>342,260</u>	<u>442,347</u>	<u>1,030,857</u>	<u>394,723</u>	<u>93,987</u>	<u>247,435</u>	<u>807</u>	<u>3,283,065</u>
<b>Total liabilities and fund balances</b>	<u>\$ 732,859</u>	<u>\$ 354,298</u>	<u>\$ 460,721</u>	<u>\$ 1,032,126</u>	<u>\$ 394,723</u>	<u>\$ 93,987</u>	<u>\$ 247,435</u>	<u>\$ 807</u>	<u>\$ 3,316,956</u>

CITY OF DESTIN, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds					Debt Service Funds			Total Nonmajor Governmental Funds
	CRA Harbor Fund	Florida Building Code Fund	Technology Fund	Parking Fund	Water Quality Fund	2013 Revenue Refunding Note Series Fund	2014 Revenue Refunding Note Series Fund	2021 Revenue Refunding Note Series Fund	
<b>Revenues</b>									
Taxes	\$ 820,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 820,248
Licenses and permits	-	894,317	-	-	-	-	-	-	894,317
Charges for services	-	-	-	769,260	55,845	-	-	-	825,105
Miscellaneous	-	-	-	-	-	-	-	-	-
Investment income	4,425	2,048	2,528	4,448	2,041	624	1,391	239	17,744
Total revenues	<u>824,673</u>	<u>896,365</u>	<u>2,528</u>	<u>773,708</u>	<u>57,886</u>	<u>624</u>	<u>1,391</u>	<u>239</u>	<u>2,557,414</u>
<b>Expenditures</b>									
Current									
General government	-	-	-	-	-	-	-	11	11
Public safety	-	915,677	100,790	-	-	-	-	-	1,016,467
Transportation	-	-	-	90,696	-	-	-	-	90,696
Economic environment	83,146	-	-	-	-	-	-	-	83,146
Debt Service									
Principal retirement	-	-	-	-	-	424,247	441,795	1,208,000	2,074,042
Interest	-	-	-	-	-	130,172	289,836	88,403	508,411
Total expenditures	<u>83,146</u>	<u>915,677</u>	<u>100,790</u>	<u>90,696</u>	<u>-</u>	<u>554,419</u>	<u>731,631</u>	<u>1,296,414</u>	<u>3,772,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>741,527</u>	<u>(19,312)</u>	<u>(98,262)</u>	<u>683,012</u>	<u>57,886</u>	<u>(553,795)</u>	<u>(730,240)</u>	<u>(1,296,175)</u>	<u>(1,215,359)</u>
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	189,484	-	336,837	554,278	731,704	1,296,404	3,108,707
Transfers out	(479,995)	(84,922)	-	-	-	-	-	-	(564,917)
Total other financing sources (uses)	<u>(479,995)</u>	<u>(84,922)</u>	<u>189,484</u>	<u>-</u>	<u>336,837</u>	<u>554,278</u>	<u>731,704</u>	<u>1,296,404</u>	<u>2,543,790</u>
Net change in fund balance	261,532	(104,234)	91,222	683,012	394,723	483	1,464	229	1,328,431
Fund balances, beginning	<u>469,117</u>	<u>446,494</u>	<u>351,125</u>	<u>347,845</u>	<u>-</u>	<u>93,504</u>	<u>245,971</u>	<u>578</u>	<u>1,954,634</u>
Fund balances, ending	<u>\$ 730,649</u>	<u>\$ 342,260</u>	<u>\$ 442,347</u>	<u>\$ 1,030,857</u>	<u>\$ 394,723</u>	<u>\$ 93,987</u>	<u>\$ 247,435</u>	<u>\$ 807</u>	<u>\$ 3,283,065</u>

CITY OF DESTIN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CRA HARBOR FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 825,558	\$ 825,558	\$ 820,248	\$ (5,310)
Investment earnings	500	500	4,425	3,925
Total revenues	<u>826,058</u>	<u>826,058</u>	<u>824,673</u>	<u>(1,385)</u>
<b>Expenditures</b>				
Current				
Economic environment	85,640	137,508	83,146	(54,362)
Capital outlay	<u>6,000,000</u>	<u>6,000,000</u>	-	<u>(6,000,000)</u>
Total expenditures	<u>6,085,640</u>	<u>6,137,508</u>	<u>83,146</u>	<u>(6,054,362)</u>
<b>Excess of revenues over expenditures</b>	<u>(5,259,582)</u>	<u>(5,311,450)</u>	<u>741,527</u>	<u>(6,052,977)</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	5,950,000	5,950,000	-	(5,950,000)
Transfers out	<u>(479,995)</u>	<u>(479,995)</u>	<u>(479,995)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,470,005</u>	<u>5,470,005</u>	<u>(479,995)</u>	<u>(5,950,000)</u>
<b>Change in fund balance</b>	210,423	158,555	261,532	102,977
<b>Fund balance, beginning of year</b>	<u>469,117</u>	<u>469,117</u>	<u>469,117</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 679,540</u>	<u>\$ 627,672</u>	<u>\$ 730,649</u>	<u>\$ 102,977</u>

CITY OF DESTIN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FLORIDA BUILDING CODE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 1,195,100	\$ 1,195,100	\$ 894,317	\$ (300,783)
Investment earnings	30	30	2,048	2,018
Total revenues	<u>1,195,130</u>	<u>1,195,130</u>	<u>896,365</u>	<u>(298,765)</u>
<b>Expenditures</b>				
Current				
Public safety	<u>1,203,859</u>	<u>1,209,094</u>	<u>915,677</u>	<u>(293,417)</u>
Total expenditures	<u>1,203,859</u>	<u>1,209,094</u>	<u>915,677</u>	<u>(293,417)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(8,729)</u>	<u>(13,964)</u>	<u>(19,312)</u>	<u>5,348</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(119,050)</u>	<u>(119,050)</u>	<u>(84,922)</u>	<u>34,128</u>
Total other financing sources (uses)	<u>(119,050)</u>	<u>(119,050)</u>	<u>(84,922)</u>	<u>34,128</u>
<b>Change in fund balance</b>	<u>(127,779)</u>	<u>(133,014)</u>	<u>(104,234)</u>	<u>28,780</u>
<b>Fund balance, beginning of year</b>	<u>446,494</u>	<u>446,494</u>	<u>446,494</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 318,715</u>	<u>\$ 313,480</u>	<u>\$ 342,260</u>	<u>\$ 28,780</u>

CITY OF DESTIN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 TECHNOLOGY FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 100	\$ 100	\$ 2,528	\$ 2,428
Total revenues	<u>100</u>	<u>100</u>	<u>2,528</u>	<u>2,428</u>
<b>Expenditures</b>				
Current				
Public safety	200,000	200,000	100,790	99,210
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>100,790</u>	<u>99,210</u>
<b>Deficiency of revenues under expenditures</b>	<u>(199,900)</u>	<u>(199,900)</u>	<u>(98,262)</u>	<u>101,638</u>
<b>Other financing sources</b>				
Transfers in	197,995	197,995	189,484	(8,511)
Total other financing sources	<u>197,995</u>	<u>197,995</u>	<u>189,484</u>	<u>(8,511)</u>
<b>Change in fund balance</b>	(1,905)	(1,905)	91,222	93,127
<b>Fund balance, beginning of year</b>	351,125	351,125	351,125	-
<b>Fund balance, end of year</b>	<u>\$ 349,220</u>	<u>\$ 349,220</u>	<u>\$ 442,347</u>	<u>\$ 93,127</u>

CITY OF DESTIN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
 PARKING FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 442,800	\$ 442,800	\$ 769,260	\$ 326,460
Investment earnings	44	44	4,448	4,404
Total revenues	<u>442,844</u>	<u>442,844</u>	<u>773,708</u>	<u>330,864</u>
<b>Expenditures</b>				
Current				
Transportation	<u>631,900</u>	<u>631,900</u>	<u>90,696</u>	<u>541,204</u>
Total expenditures	<u>631,900</u>	<u>631,900</u>	<u>90,696</u>	<u>541,204</u>
<b>Change in fund balance</b>	(189,056)	(189,056)	683,012	872,068
<b>Fund balance, beginning of year</b>	<u>347,845</u>	<u>347,845</u>	<u>347,845</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 158,789</u>	<u>\$ 158,789</u>	<u>\$ 1,030,857</u>	<u>\$ 872,068</u>

**CITY OF DESTIN, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
WATER QUALITY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 500	\$ 500	\$ 55,845	\$ 55,345
Investment earnings	150	150	2,041	1,891
Total revenues	<u>650</u>	<u>650</u>	<u>57,886</u>	<u>57,236</u>
<b>Expenditures</b>				
Current				
Physical environment	21,000	21,000	-	21,000
Capital outlay	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>171,000</u>	<u>171,000</u>	<u>-</u>	<u>171,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(170,350)</u>	<u>(170,350)</u>	<u>57,886</u>	<u>228,236</u>
<b>Other financing sources</b>				
Transfers in	<u>350,008</u>	<u>350,008</u>	<u>336,837</u>	<u>(13,171)</u>
Total other financing sources	<u>350,008</u>	<u>350,008</u>	<u>336,837</u>	<u>(13,171)</u>
<b>Change in fund balance</b>	179,658	179,658	394,723	215,065
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ 179,658</u>	<u>\$ 179,658</u>	<u>\$ 394,723</u>	<u>\$ 215,065</u>



**CITY OF DESTIN, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
2013 REVENUE REFUNDING NOTE SERIES FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 100	\$ 100	\$ 624	\$ 524
Total revenues	<u>100</u>	<u>100</u>	<u>624</u>	<u>524</u>
<b>Expenditures</b>				
Debt service				
Principal retirement	412,531	412,531	424,247	(11,716)
Interest	<u>142,713</u>	<u>142,713</u>	<u>130,172</u>	<u>12,541</u>
Total expenditures	<u>555,244</u>	<u>555,244</u>	<u>554,419</u>	<u>825</u>
<b>Deficiency of revenues under expenditures</b>	<u>(555,144)</u>	<u>(555,144)</u>	<u>(553,795)</u>	<u>1,349</u>
<b>Other financing sources</b>				
Transfers in	<u>555,245</u>	<u>555,245</u>	<u>554,278</u>	<u>(967)</u>
Total other financing sources	<u>555,245</u>	<u>555,245</u>	<u>554,278</u>	<u>(967)</u>
<b>Change in fund balance</b>	101	101	483	382
<b>Fund balance, beginning of year</b>	93,504	93,504	93,504	-
<b>Fund balance, end of year</b>	<u>\$ 93,605</u>	<u>\$ 93,605</u>	<u>\$ 93,987</u>	<u>\$ 382</u>

**CITY OF DESTIN, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
2014 REVENUE REFUNDING NOTE SERIES FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 100	\$ 100	\$ 1,391	\$ 1,291
Total revenues	<u>100</u>	<u>100</u>	<u>1,391</u>	<u>1,291</u>
<b>Expenditures</b>				
Debt service				
Principal retirement	427,021	427,021	441,795	(14,774)
Interest	<u>304,397</u>	<u>304,397</u>	<u>289,836</u>	<u>14,561</u>
Total expenditures	<u>731,418</u>	<u>731,418</u>	<u>731,631</u>	<u>(213)</u>
<b>Deficiency of revenues under expenditures</b>	<u>(731,318)</u>	<u>(731,318)</u>	<u>(730,240)</u>	<u>1,078</u>
<b>Other financing sources</b>				
Transfers in	<u>731,418</u>	<u>731,418</u>	<u>731,704</u>	<u>286</u>
Total other financing sources	<u>731,418</u>	<u>731,418</u>	<u>731,704</u>	<u>286</u>
<b>Change in fund balance</b>	100	100	1,464	1,364
<b>Fund balance, beginning of year</b>	<u>245,971</u>	<u>245,971</u>	<u>245,971</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 246,071</u></u>	<u><u>\$ 246,071</u></u>	<u><u>\$ 247,435</u></u>	<u><u>\$ 1,364</u></u>

**CITY OF DESTIN, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
2021 REVENUE REFUNDING NOTE SERIES FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 239	\$ 239
Total revenues	<u>-</u>	<u>-</u>	<u>239</u>	<u>239</u>
<b>Expenditures</b>				
Current				
General government	-	-	11	(11)
Debt service				
Principal retirement	1,200,000	1,200,000	1,208,000	(8,000)
Interest	102,077	102,077	88,403	13,674
Total expenditures	<u>1,302,077</u>	<u>1,302,077</u>	<u>1,296,414</u>	<u>5,663</u>
<b>Deficiency of revenues under expenditures</b>	<u>(1,302,077)</u>	<u>(1,302,077)</u>	<u>(1,296,175)</u>	<u>5,902</u>
<b>Other financing sources</b>				
Transfers in	1,302,077	1,302,077	1,296,404	(5,673)
Total other financing sources	<u>1,302,077</u>	<u>1,302,077</u>	<u>1,296,404</u>	<u>(5,673)</u>
<b>Change in fund balance</b>	-	-	229	229
<b>Fund balance, beginning of year</b>	578	578	578	-
<b>Fund balance, end of year</b>	<u>\$ 578</u>	<u>\$ 578</u>	<u>\$ 807</u>	<u>\$ 229</u>

CITY OF DESTIN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 264,384	\$ 264,384	\$ 244,619	\$ (19,765)
Licenses and permits	780,000	780,000	1,003,666	223,666
Impact fees	105,500	105,500	453,374	347,874
Intergovernmental revenues	9,815,405	21,665,248	11,783,845	(9,881,403)
Investment earnings	-	-	40,819	40,819
Miscellaneous revenues	3,820	3,820	-	(3,820)
Total revenues	<u>10,969,109</u>	<u>22,818,952</u>	<u>13,526,323</u>	<u>(9,292,629)</u>
<b>Expenditures</b>				
Capital outlay	42,121,930	31,873,042	13,349,454	(18,523,588)
Debt Service				
Principal retirement	-	200,634	200,634	-
Interest	-	9,671	9,671	-
Total expenditures	<u>42,121,930</u>	<u>32,083,347</u>	<u>13,559,759</u>	<u>(18,523,588)</u>
<b>Deficiency of revenues under expenditures</b>	<u>(31,152,821)</u>	<u>(9,264,395)</u>	<u>(33,436)</u>	<u>(9,230,959)</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	-	313,978	313,978	-
Transfers in	23,488,748	13,755,589	1,711,428	(12,044,161)
Transfers out	(1,350,008)	(350,008)	(336,837)	13,171
Total other financing sources (uses)	<u>22,138,740</u>	<u>13,719,559</u>	<u>1,688,569</u>	<u>(12,030,990)</u>
<b>Change in fund balance</b>	(9,014,081)	4,455,164	1,655,133	(2,800,031)
<b>Fund balance, beginning of year</b>	<u>5,749,597</u>	<u>5,749,597</u>	<u>5,749,597</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (3,264,484)</u>	<u>\$ 10,204,761</u>	<u>\$ 7,404,730</u>	<u>\$ (2,800,031)</u>

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**STATISTICAL SECTION**

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**Net Position by Component - Last Ten Years  
(Unaudited)**

<b>Fiscal Year</b>	<b>Net investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total Net Position</b>
2023	\$ 114,141,436	\$ 9,013,429	\$ 38,347,052	\$ 161,501,917
2022	100,905,387	5,073,775	33,510,788	139,489,950
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

Source: City Finance Department.



Changes in Net Position - Last Ten Years  
(Unaudited)

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Expenses</b>					
General government	\$ 3,604,493	\$ 3,882,608	\$ 3,583,345	\$ 4,028,182	\$ 3,695,191
Public safety	4,441,808	3,960,949	3,756,665	3,623,935	3,292,103
Physical environment	996,593	1,180,082	646,171	670,079	319,713
Transportation	3,587,231	3,377,216	2,739,207	2,866,166	3,252,517
Economic environment	244,282	129,780	1,141,935	1,152,796	1,146,463
Human services	53,466	51,604	64,531	63,494	62,808
Culture and recreation	4,589,126	4,081,335	3,476,834	2,702,912	2,323,177
Debt service interest	513,582	550,710	637,571	752,073	788,775
<b>Total expenses</b>	<b>18,030,581</b>	<b>17,214,284</b>	<b>16,046,259</b>	<b>15,859,637</b>	<b>14,880,747</b>
<b>Program revenue</b>					
<b>Charges for services</b>					
General government	82,119	295,011	64,090	601	2,457,688
Public safety	2,047,595	1,904,763	1,793,926	1,555,942	614,412
Physical environment	82,338	27,474	50,965	23,443	20,800
Transportation	835,138	500,972	505,182	178,174	140,017
Culture and recreation	517,023	465,659	347,454	331,925	401,939
Operating grants and contributions	871,096	775,474	646,998	2,082,880	734,898
Capital grants and contributions	12,440,237	2,496,372	5,192,296	197,999	43,520
<b>Total program revenue</b>	<b>16,875,546</b>	<b>6,465,725</b>	<b>8,600,911</b>	<b>4,370,964</b>	<b>4,413,274</b>
<b>Net expense</b>	<b>(1,155,035)</b>	<b>(10,748,559)</b>	<b>(7,445,348)</b>	<b>(11,488,673)</b>	<b>(10,467,473)</b>
<b>General revenue and other changes in net position</b>					
Property taxes	12,464,569	10,794,578	9,892,776	9,374,391	8,764,290
Other taxes	9,568,412	3,496,780	3,480,413	2,895,623	1,636,565
Other revenue	1,134,021	4,741,856	4,954,175	6,660,927	3,417,096
Special items	-	-	-	-	-
<b>Total general revenue</b>	<b>23,167,002</b>	<b>19,033,214</b>	<b>18,327,364</b>	<b>18,930,941</b>	<b>13,817,951</b>
<b>Change in net position</b>	<b>22,011,967</b>	<b>8,284,655</b>	<b>10,882,016</b>	<b>7,442,268</b>	<b>3,350,478</b>
<b>Net position, beginning</b>	<b>139,489,950</b>	<b>131,205,295</b>	<b>120,323,279</b>	<b>112,881,010</b>	<b>109,530,532</b>
<b>Cumulative effect of change in accounting principle</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position, ending</b>	<b>\$ 161,501,917</b>	<b>\$ 139,489,950</b>	<b>\$ 131,205,295</b>	<b>\$ 120,323,279</b>	<b>\$ 112,881,010</b>

Source: City Finance Department.

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

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Expenses</b>					
General government	\$ 3,532,139	\$ 2,981,384	\$ 2,889,172	\$ 3,330,320	\$ 3,135,252
Public safety	3,908,737	4,011,135	3,535,716	3,080,103	2,721,873
Physical environment	432,132	433,283	491,154	591,383	710,134
Transportation	3,053,455	3,141,933	2,842,564	2,582,807	2,661,304
Economic environment	1,209,950	1,274,262	1,289,854	1,326,255	1,387,855
Human services	55,220	107,287	54,394	58,975	59,650
Culture and recreation	2,274,564	2,242,446	2,340,627	2,239,857	2,277,720
Debt service interest	806,526	888,752	873,117	1,132,842	1,366,317
<b>Total expenses</b>	<b>15,272,723</b>	<b>15,080,482</b>	<b>14,316,598</b>	<b>14,342,542</b>	<b>14,320,105</b>
<b>Program revenue</b>					
<b>Charges for services</b>					
General government	2,495,996	2,223,122	2,317,742	2,214,652	2,099,136
Public safety	847,202	940,221	898,725	697,452	553,710
Physical environment	46,495	79,821	14,660	21,503	7,463
Transportation	119,218	60,534	49,514	115,970	47,642
Culture and recreation	406,050	402,708	456,828	421,704	337,804
Operating grants and contributions	1,407,851	2,450,238	1,727,351	197,614	373,317
Capital grants and contributions	30,544	70,120	42,081	203,334	126,767
<b>Total program revenue</b>	<b>5,353,356</b>	<b>6,226,764</b>	<b>5,506,901</b>	<b>3,872,229</b>	<b>3,545,839</b>
<b>Net expense</b>	<b>(9,919,367)</b>	<b>(8,853,718)</b>	<b>(8,809,697)</b>	<b>(10,470,313)</b>	<b>(10,774,266)</b>
<b>General revenue and other changes in net position</b>					
Property taxes	8,179,225	7,761,152	6,844,994	6,443,596	6,090,326
Other taxes	1,669,159	1,623,261	1,583,815	1,530,492	1,537,513
Other revenue	1,907,549	1,873,339	1,982,864	1,761,737	1,573,651
Special items	-	-	-	-	(1,750,000)
<b>Total general revenue</b>	<b>11,755,933</b>	<b>11,257,752</b>	<b>10,411,673</b>	<b>9,735,825</b>	<b>7,451,490</b>
<b>Change in net position</b>	<b>1,836,566</b>	<b>2,404,034</b>	<b>1,601,976</b>	<b>(734,488)</b>	<b>(3,322,776)</b>
<b>Net position, beginning</b>	<b>106,754,910</b>	<b>104,350,876</b>	<b>102,748,900</b>	<b>103,483,388</b>	<b>106,806,164</b>
<b>Cumulative effect of change in accounting principle</b>	<b>939,056</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position, ending</b>	<b>\$ 109,530,532</b>	<b>\$ 106,754,910</b>	<b>\$ 104,350,876</b>	<b>\$ 102,748,900</b>	<b>\$ 103,483,388</b>

Source: City Finance Department.

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

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>General Fund</b>					
Nonspendable	\$ 2,484,589	\$ 2,581,252	\$ 2,561,841	\$ 2,451,337	\$ 2,448,824
Restricted	-	-	-	3,247,659	2,584,256
Committed	12,137,934	13,683,891	10,084,733	8,411,205	10,129,498
Assigned	-	323,611	376,587	2,964,171	1,213,592
Unassigned	17,752,082	11,500,107	13,296,275	14,449,613	10,040,295
<b>Total</b>	<b>\$ 32,374,605</b>	<b>\$ 28,088,861</b>	<b>\$ 26,319,436</b>	<b>\$ 31,523,985</b>	<b>\$ 26,416,465</b>
<b>All other governmental funds</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,962,323	5,073,775	3,852,330	643,742	77,685
Committed	9,440,475	6,739,436	4,655,060	-	-
Assigned	-	533,466	2,535,604	44,332	329,948
Unassigned	(963,747)	(1,663,708)	(3,846,516)	(2,390,520)	(2,231,153)
<b>Total all other governmental funds</b>	<b>\$ 15,439,051</b>	<b>\$ 10,682,969</b>	<b>\$ 7,196,478</b>	<b>\$ (1,702,446)</b>	<b>\$ (1,823,520)</b>

Source: City Finance Department.

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

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>General Fund</b>					
Nonspendable	\$ 2,469,019	\$ 2,999,624	\$ 2,802,335	\$ 1,980,893	\$ 1,879,620
Restricted	2,480,877	1,977,027	1,373,526	1,216,046	1,098,945
Committed	9,657,663	9,674,570	10,340,837	11,071,545	10,276,708
Assigned	672,226	1,625,986	1,118,384	328,889	684,591
Unassigned	7,526,416	3,626,528	2,905,348	1,848,403	1,743,576
<b>Total</b>	<b>\$ 22,806,201</b>	<b>\$ 19,903,735</b>	<b>\$ 18,540,430</b>	<b>\$ 16,445,776</b>	<b>\$ 15,683,440</b>
<b>All other governmental funds</b>					
Nonspendable	\$ 88	\$ -	\$ -	\$ 68	\$ -
Restricted	89,220	98,844	114,825	884,473	151,914
Committed	-	-	-	-	74,256
Assigned	279,391	255,797	276,444	345,855	633,953
Unassigned	(2,240,233)	(2,142,360)	(1,979,433)	(2,462,082)	(1,835,073)
<b>Total all other governmental funds</b>	<b>\$ (1,871,534)</b>	<b>\$ (1,787,719)</b>	<b>\$ (1,588,164)</b>	<b>\$ (1,231,686)</b>	<b>\$ (974,950)</b>

Source: City Finance Department.

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

	<b>Fiscal Year</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>					
Taxes	\$ 16,027,019	\$ 14,291,359	\$ 13,373,189	\$ 12,270,014	\$ 12,309,961
Licenses and permits	5,454,762	5,008,309	3,779,441	3,342,590	1,079,465
Impact fees	453,374	132,605	590,174	456,051	160,720
Intergovernmental	15,938,249	5,586,955	8,053,048	4,050,502	3,494,078
Charges for services	1,516,594	1,289,082	937,122	513,137	512,089
Fines and forfeitures	107,689	56,135	79,829	106,750	28,981
Investment income	578,203	(1,078,214)	19,983	471,977	506,164
Contributions	5,042	37,479	1,867	4,035	6,871
Miscellaneous income (loss)	128,584	36,503	50,972	9,058	132,896
<b>Total revenue</b>	<b>40,209,516</b>	<b>25,360,213</b>	<b>26,885,625</b>	<b>21,224,114</b>	<b>18,231,225</b>
<b>Expenditures</b>					
General government	3,454,019	3,640,884	3,403,184	3,935,334	3,542,238
Public safety	4,384,706	3,924,721	3,752,995	3,408,341	3,061,601
Physical environment	277,365	452,211	142,017	27,374	31,346
Transportation	1,896,884	1,589,395	1,663,328	1,925,723	1,924,802
Economic environment	244,282	129,781	107,900	130,173	105,720
Human services	53,466	51,604	64,531	63,494	62,808
Culture and recreation	3,772,845	3,292,184	2,854,316	2,237,953	1,909,794
Capital outlay	20,891,773	4,369,267	11,160,364	1,937,657	1,607,301
Debt service					
Principal	3,035,369	2,122,863	9,318,692	1,622,596	1,533,487
Interest	521,505	555,409	717,941	745,697	793,850
Investment loss	-	-	-	-	-
<b>Total expenditures</b>	<b>38,532,214</b>	<b>20,128,319</b>	<b>33,185,268</b>	<b>16,034,342</b>	<b>14,572,947</b>
Excess (deficiency) of revenue over expenditures	1,677,302	5,231,894	(6,299,643)	5,189,772	3,658,278
<b>Other financing sources (uses)</b>					
Transfers in	4,820,135	4,676,350	29,587,639	2,255,374	4,171,759
Transfers out	(4,820,135)	(4,676,350)	(29,587,639)	(2,255,374)	(4,171,759)
Issuance of debt	-	-	-	-	-
Proceeds of debt issuance	7,020,863	-	9,905,000	-	-
Debt service principal	-	-	-	-	-
Lease proceeds	343,661	24,021	89,019	38,422	-
Non-operating loss	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>7,364,524</b>	<b>24,021</b>	<b>9,994,019</b>	<b>38,422</b>	<b>-</b>
<b>Special item - Settlement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 9,041,826</b>	<b>\$ 5,255,915</b>	<b>\$ 3,694,376</b>	<b>\$ 5,228,194</b>	<b>\$ 3,658,278</b>
Debt service as a percentage of noncapital expenditures	20.2%	17.0%	45.6%	16.8%	18.0%

Source: City Finance Department.

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

	Fiscal Year				
	2018	2017	2016	2015	2014
<b>Revenue</b>					
Taxes	\$ 11,766,912	\$ 11,192,022	\$ 10,316,957	\$ 9,891,235	\$ 9,429,663
Licenses and permits	1,008,548	930,187	885,870	674,131	597,505
Impact fees	671,922	801,424	446,936	280,494	268,840
Intergovernmental	2,889,811	3,734,054	3,232,561	1,819,128	1,674,915
Charges for services	568,635	525,860	568,018	509,159	462,224
Fines and forfeitures	44,278	46,812	47,238	114,111	49,229
Investment income	20,654	59,756	256,010	222,593	-
Contributions	8,608	24,772	22,848	34,839	99,975
Miscellaneous income (loss)	131,376	169,629	142,136	62,364	166,802
<b>Total revenue</b>	<b>17,110,744</b>	<b>17,484,516</b>	<b>15,918,574</b>	<b>13,608,054</b>	<b>12,749,153</b>
<b>Expenditures</b>					
General government	3,398,890	2,853,328	2,747,954	3,489,939	2,951,776
Public safety	2,779,558	2,610,831	2,410,183	2,107,835	1,768,098
Physical environment	88,226	90,710	148,581	248,810	379,218
Transportation	1,824,192	1,885,837	1,681,535	1,472,935	1,544,311
Economic environment	123,024	163,637	176,210	216,503	209,632
Human services	55,220	107,287	54,394	58,975	59,650
Culture and recreation	1,872,829	1,858,739	1,976,500	1,927,771	1,949,815
Capital outlay	1,877,832	4,762,510	3,075,354	1,642,819	1,581,816
Debt service					
Principal	1,485,956	1,417,449	1,087,340	901,028	1,374,432
Interest	836,554	874,429	822,369	1,083,667	1,562,813
Investment loss	-	-	-	-	1,824
<b>Total expenditures</b>	<b>14,342,281</b>	<b>16,624,757</b>	<b>14,180,420</b>	<b>13,150,282</b>	<b>13,383,385</b>
Excess (deficiency) of revenue over expenditures	2,768,463	859,759	1,738,154	457,772	(634,232)
<b>Other financing sources (uses)</b>					
Transfers in	6,343,303	3,907,488	2,971,389	1,563,616	3,730,001
Transfers out	(6,343,303)	(3,907,488)	(2,971,389)	(1,563,616)	(3,730,001)
Issuance of debt	50,188	303,991	-	-	(12,900,000)
Proceeds of debt issuance	-	-	-	5,427,000	-
Debt service principal	-	-	-	(5,379,150)	-
Lease proceeds	-	-	-	-	11,871,000
Non-operating loss	-	-	-	-	119,229
<b>Total other financing sources (uses)</b>	<b>50,188</b>	<b>303,991</b>	<b>-</b>	<b>47,850</b>	<b>(909,771)</b>
<b>Special item - Settlement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,750,000)</b>
<b>Net change in fund balance</b>	<b>\$ 2,818,651</b>	<b>\$ 1,163,750</b>	<b>\$ 1,738,154</b>	<b>\$ 505,622</b>	<b>\$ (3,294,003)</b>
Debt service as a percentage of noncapital expenditures	18.6%	19.3%	17.2%	17.2%	24.9%

Source: City Finance Department.

City of Destin, Florida

Revenue Base - Last Ten Years  
(Unaudited)

Fiscal Year	Real Property	Perosonal Property	Total Taxable Assessed Value	Total Direct Tax Rate	95% Budgeted for Operations
2023	\$ 6,858,730,342	\$ 108,747,526	\$ 6,967,477,868	1.6150	\$ 10,689,853
2022	5,980,379,074	102,386,732	6,082,765,806	1.6150	9,332,483
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

Source: Okaloosa County Property Appraiser DR-422 lines 1 and 2.

Adjusted when DR-403 Final Taxable Value is submitted to City by the Property Appraiser.

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 Overlapping Rates	Total Direct and Overlapping Rates
	City of Destin	Destin Fire District	Okaloosa County	Okaloosa School Board	Northwest Florida Water District		
2023	1.61500	1.00000	3.83080	5.47700	0.02340	10.33120	11.94620
2022	1.61500	1.00000	3.83080	5.57900	0.02610	10.43590	12.05090
2021	1.61500	1.00000	3.83080	5.94300	0.02940	10.80320	12.41820
2020	1.61500	1.00000	3.83080	6.03500	0.03110	10.89690	12.51190
2019	1.61500	1.00000	3.83080	6.20600	0.03270	11.06950	12.68450
2018	1.61500	1.00000	3.83080	6.36100	0.03380	11.22560	12.84060
2017	1.61500	1.00000	3.83080	6.58800	0.03530	11.45410	13.06910
2016	1.61500	1.00000	3.43080	6.90700	0.03660	11.37440	12.98940
2015	1.50000	1.00000	3.43080	7.55100	0.04000	12.02180	13.52180
2014	1.50000	1.00000	3.43080	7.44100	0.03900	11.91080	13.41080

As of levy date, November 1 of each year listed.

Source: <https://okaloosapa.com/wp-content/uploads/sites/29/2023/10/2023-Final-Millage.pdf>



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

Taxpayer	September 30, 2023			Taxpayer	September 30, 2014		
	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	\$ 72,079,342	1	1.03%	EMERALD GRANDE LLC	\$ 58,515,920	1	1.55%
DRH HBR OWNER LLC	65,457,416	2	0.94%	AHB APARTMENTS LLC	21,073,921	2	0.56%
PASSCO SEA GLASS DST	60,653,929	3	0.87%	DRB DEVELOPMENT LLC	13,744,900	3	0.36%
BR HENDERSON BEACH LLC	48,700,842	5	0.70%	DUNAVANT GULF LLC	11,306,189	4	0.30%
DESTIN COMMONS LTD	61,215,055	4	0.88%	PARADISE ISLE DESTIN LLC	10,757,300	5	0.29%
PASSO LEGACY DST	57,271,194	6	0.82%	WYNDHAM VACATION RESORTS	8,023,200	6	0.21%
EMERALD GRANDE INC	49,676,280	7	0.71%	SHANRI HOLDINGS CORP	7,346,230	7	0.19%
FLORIDA POWER & LIGHT CO.	47,181,255	8	0.68%	CRYSTAL BEACH PLAZA LLC	7,046,083	8	0.19%
ARRIS DESTIN RETAIL LLC	41,982,793	9	0.60%	BLASBICHLER H D AGREEMENT	6,896,447	9	0.18%
HENDERSON BEACH PARTNERS LLC	32,504,203	10	0.47%	CLUB DESTIN RESORT	6,656,000	10	0.18%
Total Principal Taxpayers	<u>\$ 536,722,309</u>		<u>7.70%</u>		<u>\$ 151,366,190</u>		<u>4.02%</u>
Total Tax Value of Other	<u>\$ 6,430,755,559</u>		<u>92.30%</u>		<u>\$ 3,616,172,601</u>		<u>95.98%</u>
Total Taxable Assessed Value	<u>\$ 6,967,477,868</u>		<u>100.00%</u>		<u>\$ 3,767,538,791</u>		<u>100.00%</u>

Source: Okaloosa County Property Appraiser.

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
2023	\$ 10,689,853	\$ 10,801,654	101.05%	\$ 70,797	\$ 10,872,451	101.71%
2022	9,332,483	9,482,098	101.60%	-	9,482,098	101.60%
2021	8,724,883	8,827,350	101.17%	54,971	8,882,321	101.80%
2020	8,270,812	8,430,713	101.93%	3,561	8,434,274	101.98%
2019	7,726,932	7,879,410	101.97%	4,613	7,884,023	102.03%
2018	7,260,038	7,405,759	102.01%	1,809	7,407,568	102.03%
2017	6,916,732	7,031,699	101.66%	4,122	7,035,821	101.72%
2016	6,574,963	6,211,296	94.47%	3,797	6,215,093	94.53%
2015	5,744,157	5,842,418	101.71%	10,172	5,852,590	101.89%
2014	5,438,958	5,530,911	101.69%	54,974	5,585,885	102.70%

\*Assumes full discount taken for early payment of taxes (maximum of 5%).

Source: DR-422 forms certified by Okaloosa County Tax Collector.

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

Fiscal Year Ended September 30,	2005B Florida Municipal Loan Council Revenue Bonds	2009 CRA Harbor Revenue Note (Restructured 2015)	2013 Capital Improvement Revenue Note	2014 CRA Town Center Revenue Refunding Note Series	2015 Revenue Refunding Note Series
2023	\$ -	\$ -	\$ 3,857,733	\$ 8,057,786	\$ -
2022	-	-	4,281,980	8,499,581	-
2021	-	-	4,694,511	8,926,602	-
2020	-	3,986,827	5,095,650	9,339,342	4,035,000
2019	-	4,429,808	5,485,711	9,738,279	4,379,000
2018	-	4,770,168	5,865,001	10,123,875	4,714,000
2017	-	5,096,625	6,233,816	10,496,575	5,039,000
2016	-	5,409,749	6,592,446	10,856,811	5,359,000
2015	-	5,709,446	6,941,172	11,205,000	5,427,000
2014	5,800,000	5,997,542	7,280,268	11,205,000	-

Note: Detail regarding the community redevelopment districts' outstanding debt can be found in the notes to the financial statements.

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

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<b>Fiscal Year Ended September 30,</b>	<b>2021 Revenue Refunding Note Series</b>	<b>2023 County Advance Funding Agreement</b>	<b>Financed Purchases</b>	<b>Total Revenue Bonds and Notes and Capital Leases</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2023	\$ 7,104,000	\$ 6,270,863	\$ 239,043	\$ 25,529,425	3.01%	1,749
2022	8,312,000	-	106,708	21,200,269	2.74%	1,465
2021	9,512,000	-	165,998	23,299,111	3.21%	1,639
2020	-	-	166,965	22,625,804	3.25%	1,624
2019	-	-	175,160	24,207,958	3.97%	1,801
2018	-	-	268,401	25,741,445	4.50%	1,937
2017	-	-	311,197	27,177,213	5.12%	2,072
2016	-	-	72,665	28,290,671	5.47%	2,193
2015	-	-	95,393	29,378,011	6.00%	2,308
2014	-	-	119,229	30,402,039	6.18%	2,424

**City of Destin, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2023**  
**(Unaudited)**

<b>Jurisdiction</b>	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable to City of Destin <sup>(1)</sup></b>	<b>Estimated Amount Applicable to City of Destin</b>
Debt repaid with property taxes:			
Okaloosa County	\$ 97,270,367	29%	\$ 28,145,452
Okaloosa School Board <sup>(2)</sup>	218,476,566	26%	56,439,287
Destin Fire District	-	84%	-
Northwest Florida Water District	-	29%	-
Subtotal, overlapping debt			<u>84,584,740</u>
City of Destin			<u>25,529,425</u>
Total direct and overlapping debt			<u><u>\$ 110,114,165</u></u>

<sup>(1)</sup> Based on ratio of assessed taxable value.

<sup>(2)</sup> The Okaloosa School Board debt outstanding is as of June 30, 2022.

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

Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Population <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	Total Personal Income	Unemployment Rate <sup>(3)</sup>
2023	14,594	\$58,082	\$ 847,648,708	3.00%
2022	14,472	53,557	775,081,969	3.00%
2021	14,217	51,007	725,166,519	2.90%
2020	13,931	49,909	695,282,279	2.80%
2019	13,441	45,324	609,199,884	2.30%
2018	13,289	43,086	572,569,854	2.40%
2017	13,116	40,465	530,738,940	3.80%
2016	12,898	40,065	516,758,370	4.50%
2015	12,730	38,450	489,468,500	4.50%
2014	12,541	39,252	492,259,332	4.50%

<sup>(1)</sup> Furnished by the Bureau of Economic and Business Research.

<sup>(2)</sup> Furnished by the U.S. Census Bureau - Quick Facts.

<sup>(3)</sup> Furnished by the Bureau of Labor Statistics.

**Demographics  
(Unaudited)**

2023

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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	14,594
Seasonal-peak	100,000
Gender composition	
Female	47.5%
Male	52.5%
Racial composition	
White	86.2%
Hispanic	8.0%
Black	3.9%
American Indian	0.1%
Asian	0.8%
Other	1.0%
Median household income	\$86,777
Median earnings for full-time year-round workers	\$54,370
Number of households	13,728
Households with homestead exemption	3,626
Unemployment rate	2.80%

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 Nine Years Ago  
(Unaudited)

Employer	September 30, 2023			Employer	September 30, 2014		
	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
Walmart Supercenter	450	1	3.1%	ResortQuest International, Inc	1000-1300	1	10.0%
Big Kahuna's Water & Adventure Park	300	2	2.1%	A J's Seafood and Oyster House	100-249	2	1.00%
McGuire's Irish Pub of Destin	200	3	1.4%	Crab Trap	100-249	3	1.00%
The Home Depot	200	4	1.4%	Cracker Barrel	100-249	4	1.00%
Destination Health & Rehabilitation	160	5	1.1%	Destin Healthcare and Rehabilitation	100-249	5	1.00%
Destin Fire Control District	150	6	1.0%	Harbor Docks	100-249	6	1.00%
AJ's Seafood & Oyster Bar	150	7	0.8%	Charter Boat's	100-249	7	1.00%
Target	150	8	1.0%	Holiday Inn	100-249	8	1.00%
Whole Foods Market	120	9	0.8%	Lucky Snapper Grill & Bar	100-249	9	1.00%
Harbor Docks	120	10	0.8%	Track Recreation Center	100-249	10	1.00%
Total			<u>13.43%</u>	Total			<u>19.00%</u>

SOURCE: Okaloosa County Economic Development Council (One Okaloosa).



City Employees - Last Five Years  
(Unaudited)

1 FTE = 2080 hours/year

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>City Manager's Office</b>					
City Manager	1.00	1.00	1.00	1.00	1.00
Deputy City Manager	1.00	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	1.00	-
Public Information Intern	0.73	-	-	-	-
Receptionist (2 PT @29 hours/week)	1.45	1.45	1.45	1.45	1.45
Subtotal	7.18	6.45	6.45	6.45	5.45
<b>City Clerk's Office</b>					
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
<b>Finance &amp; Budget</b>					
Finance Director	0.90	1.00	1.00	1.00	1.00
Accountant	0.90	1.00	1.00	1.00	1.00
Accounting Clerk ( AP)	0.90	1.00	1.00	0.50	0.50
Payroll Accounting Clerk	0.90	-	-	-	-
Accounting Clerk	0.90	-	-	-	-
Intern Finance	0.65	-	-	-	-
Subtotal	5.15	3.00	3.00	2.50	2.50
<b>Human Resources</b>					
HR/Risk Manager	1.00	1.00	1.00	1.00	1.00
HR the best Specialist	1.00	0.73	0.73	0.73	0.73
Subtotal	2.00	1.73	1.73	1.73	1.73
<b>Facilities</b>					
Maintenance Technician - Facilities	2.00	2.00	2.00	2.00	2.00
Maintenance Technician - Custodian	1.00	1.00	1.00	1.00	1.00
Subtotal	3.00	3.00	3.00	3.00	3.00
<b>Community Development Office</b>					
Community Development Director	0.67	0.67	0.67	1.00	1.00
Administrative Assistant	0.75	0.75	0.50	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	1.00
Planner	3.00	3.00	3.00	3.00	3.00
Geographic Information Systems Manager	1.00	1.00	1.00	1.00	1.00
Business Tax License Clerk	1.00	1.00	1.00	-	-
Subtotal	8.42	8.42	8.17	8.00	8.00
<b>Information Technology</b>					
IT Director	1.00	1.00	1.00	1.00	1.00
System Administrator	1.00	1.00	1.00	1.00	1.00
Geographic Information Systems Manager					
Systems Network Specialist	1.00	1.00	1.00	1.00	-
Subtotal	3.00	3.00	3.00	3.00	2.00
<b>SUBTOTAL GENERAL GOVERNMENT</b>	<b>31.74</b>	<b>28.59</b>	<b>28.34</b>	<b>27.68</b>	<b>25.68</b>

City Employees - Last Five Years  
(Unaudited)

1 FTE = 2080 hours/year

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Public Safety</b>					
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
<b>Code Compliance</b>					
Code Compliance Director	0.90	0.90	0.90	1.00	1.00
Code Compliance Deputy Director	0.90	0.90	0.90	-	-
Harbor Compliance Officer	0.90	0.90	0.90	1.00	1.00
Code Compliance Officers	5.15	5.15	3.61	5.50	5.00
Administrative assistant	0.90	0.90	0.90	1.00	1.00
Subtotal	8.75	8.75	7.21	8.50	8.00
<b>Emergency Management</b>					
Emergency Management Director	0.20	-	-	-	-
Subtotal	0.20	-	-	-	-
<b>Florida Building Code Enforcement (Building Inspections)</b>					
Physical Environ/Stormwater allocation	-	-	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	2.00	2.00	2.00	1.00	1.00
Plans Examiner	1.00	1.00	1.00	1.00	1.73
Permit & License Tech	1.00	1.00	1.00	1.00	1.73
Permit & Licensing Administrator	1.00	1.00	1.00	1.00	1.00
Permit & Licensing Clerk	1.00	1.00	1.00	1.00	1.73
Code Compliance allocation (14.@10%)	0.90	0.97	0.80	-	-
Engineering/Stormwater allocation (1@60%+ 1x 0.10)	0.80	0.20	0.20	-	-
Com Dev Administrative allocation (1@25%; 1@33%)	0.58	0.58	0.83	-	-
Subtotal	9.28	8.76	9.83	7.00	9.18
<b>SUBTOTAL PUBLIC SAFETY</b>	<b>19.13</b>	<b>18.41</b>	<b>17.95</b>	<b>16.40</b>	<b>18.08</b>
<b>Physical Environment</b>					
Stormwater Management (Engineers 1x10%+1x20%)	0.40	1.00	1.00	1.00	1.00
Stormwater Maintenance Tech	1.00	-	-	-	-
Stormwater Director	0.20	-	-	-	-
Equipment Operator	0.40	1.00	1.00	-	-
Subtotal	2.00	2.00	2.00	1.00	1.00
<b>SUBTOTAL PHYSICAL ENVIRONMENT</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Public Works Department</b>					
Public Works Director	0.60	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	0.67	1.00	1.00	1.00	1.00
Maintenance Technician-General	4.00	4.00	4.00	2.00	2.00
Equipment Operator	0.60	-	-	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	1.00	1.00
Subtotal	10.87	11.00	11.00	10.00	10.00
<b>Engineering</b>					
City Engineer (P.E.)	0.80	1.00	1.00	1.00	1.00
Engineering Assistant	0.20	-	-	-	-
Engineer	0.80	1.00	1.00	1.00	1.00
Subtotal	1.80	2.00	2.00	2.00	2.00
<b>SUBTOTAL TRANSPORTATION</b>	<b>12.67</b>	<b>13.00</b>	<b>13.00</b>	<b>12.00</b>	<b>12.00</b>

City Employees - Last Five Years  
(Unaudited)

1 FTE = 2080 hours/year

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Community Redevelopment Agency</b>					
CRA Manager (Town Center)	-	-	-	-	0.25
CRA Manager (Harbor)	-	-	-	-	0.25
Maintenance Technician	-	-	-	-	1.50
CRA Finance Administrative Clerk (Town Center)	0.25	-	-	0.25	0.25
CRA Finance Administrative Clerk (Harbor)	0.25	-	-	0.25	0.25
<b>Subtotal</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>2.50</b>
<b>SUBTOTAL ECONOMIC DEVELOPMENT</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>2.50</b>
<b>Library</b>					
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	1.00	1.00
Library Assistant (4 PT at 29/40 hrs/week)	2.90	2.90	2.90	2.90	2.90
Custodian	0.74	-	-	-	-
<b>Subtotal</b>	<b>9.64</b>	<b>8.90</b>	<b>8.90</b>	<b>8.90</b>	<b>8.90</b>
<b>Parks (includes TDC/Waterfront and FDEP/Leonard Destin)</b>					
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	12.11	11.45	11.45	11.45	11.45
Joe's Bayou Attendant (3 PT at 29/40 hrs/week)	2.18	2.18	1.45	1.45	1.45
<b>Subtotal</b>	<b>19.29</b>	<b>18.63</b>	<b>17.90</b>	<b>17.90</b>	<b>17.90</b>
<b>Morgan Sports Complex</b>					
Recreation Assistant	3.18	-	-	-	-
Recreation Program Coordinator	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 (2 PT at 29/40 hrs/week)	1.45	1.45	1.45	1.45	1.45
Field Maintenance Supervisor	-	-	-	-	-
Field Maintenance Technician	3.00	2.00	2.00	2.00	3.00
Parks Maintenance Tech/Mechanic	-	-	-	-	-
Groundskeeper	0.67	1.00	1.00	1.00	1.00
Scorekeepers (2 PT at 29/40 hrs/week)	-	1.45	1.45	1.45	1.45
<b>Subtotal</b>	<b>10.30</b>	<b>7.90</b>	<b>7.90</b>	<b>7.90</b>	<b>8.90</b>
<b>Community Center</b>					
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)	5.18	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	1.00	2.00	2.00	2.00	2.00
Customer Service Recreation Specialist	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
<b>Subtotal</b>	<b>14.08</b>	<b>12.35</b>	<b>12.35</b>	<b>12.35</b>	<b>12.35</b>
<b>SUBTOTAL CULTURE &amp; RECREATION</b>	<b>53.30</b>	<b>47.78</b>	<b>47.05</b>	<b>47.05</b>	<b>48.05</b>
<b>Total budgeted FTEs</b>	<b>119.34</b>	<b>109.78</b>	<b>108.34</b>	<b>104.63</b>	<b>107.30</b>
<b>Total actual FTEs (labor hours/2080)</b>	<b>93.12</b>	<b>91.31</b>	<b>92.32</b>	<b>86.37</b>	<b>82.09</b>

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

Source: Payroll

## **OTHER REPORTS**

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**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**

---

Honorable Mayor and Members of  
the City Commission,  
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, and the aggregate remaining fund information of the City of Destin, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 5, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

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**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 5, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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Honorable Mayor and Members of  
the City Commission,  
City of Destin, Florida

**Report on Compliance for Each Major State Project**

***Opinion on Each Major State Project***

We have audited the City of Destin, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2023. The City's major state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2023.

***Basis for Opinion on Each Major State Project***

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's state programs.



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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 5, 2024

**CITY OF DESTIN, FLORIDA**

**SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>State Agency, Pass-Through Entity, State Program</u>	<u>CFSA No.</u>	<u>Grantors No.</u>	<u>Expenditures</u>
<b>State Financial Assistance:</b>			
<b>Florida Department of Transportation</b>			
Traffic Signal/HWY Light Maintenance	55.039	AQ982	\$ 159,846
Median Maintenance (via Ferrovial)	55.039	4600003522	39,618
Transportation Regional Incentive Program (TRIP) ROW	55.026	G1U39	3,376,986
Transportation Regional Incentive Program (TRIP) Trail	55.026	G2C92	114,905
<b>Total Florida Department of Transportation</b>			<u>3,691,355</u>
<b>Florida Department of Environmental Protection</b>			
Operations Leonard Destin Park	37.085	OGC 112	161,736
<b>Total Florida Department of Environmental Protection</b>			<u>161,736</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 3,853,091</u>

**CITY OF DESTIN, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the state grant activity of the City of Destin, Florida (the “City”), and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 – DE MINIMIS INDIRECT COST RATE**

The City chose not to use the ten percent de minimis cost rate for the year ended September 30, 2023.

**NOTE 3 – NON-CASH AWARDS**

The City did not receive non-cash federal awards during the year ended September 30, 2023.

**NOTE 4 – CONTINGENCIES**

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in disallowed expenditures under the terms of the grants. Based upon prior experience, the City does not believe that such disallowances, if any, would be material.



**CITY OF DESTIN, FLORIDA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted.

**SECTION III**  
**STATE PROJECT FINDINGS AND QUESTIONED COSTS**

None noted.

**CITY OF DESTIN, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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**2022-001 – State of Florida Investment Compliance**

**Condition:** During the 2022 fiscal year, the Finance Director (Acting as the Investment Officer) did not obtain the necessary eight hours of continuing professional education as required by Florida Statutes.

**Criteria:** Florida Statute 218.415 requires those responsible for overseeing investments of public funds to obtain annual education.

**Status:** Corrected



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the City of Destin, Florida (the "City"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 5, 2024.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 5, 2024, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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



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## **Financial Condition and Management**

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

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

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

## **Special District Component Units**

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we 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 and Members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Bradenton, Florida  
March 5, 2024



## INDEPENDENT ACCOUNTANT'S REPORT

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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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, 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.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2023.

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

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 5, 2024

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