

Fort Walton Beach, Florida

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Annual Comprehensive Financial Report FY 2022-23

CITY OF FORT WALTON BEACH, FL WITH
COMPLIANCE MATTERS AND RESPONSES
FISCAL YEAR ENDED SEPTEMBER 30, 2023



CITY OF FORT WALTON BEACH, FL

City Council



Left to right (standing):

Travis Smith, Nic Allegretto, Bryce Jeter, and David Schmidt

Left to right (seated):

Payne Walker, Gloria DeBerry, Mayor Dick Rynearson, and Larry Patrick

Council members are elected in odd years for four-year staggered terms. City Council meets on the second and fourth Tuesday of each month at 6:00 p.m. in the City Council Chambers located at 107 Miracle Strip Parkway, Fort Walton Beach, Florida.

Appointed Officers

City Manager – Jeff Peters

City Clerk – Kim M. Barnes, MMC

City Attorney – Kimberly Kopp

Department Directors

Finance – Nicole Nabors

Fire Services – Jeremy Morgan, Chief

Growth Management – Chris Frassetto

Human Resources – Tarey Franxman

Police Services – Robert Bage, Chief

Public Works & Utility Services – Daniel Payne, PE

Recreation & Cultural Services – Tiffany Corcoran

Core Values

Rather than being just words found on the website or located at the top of a letterhead, these core values are the guiding principles by which City Council, Department Directors, and City Staff will conduct themselves, allocate resources, and prioritize goals and objectives. These principles form a non-negotiable code of conduct and will guide our government on who we hire, how we train, and how we reward. These values will define who we are, what we stand for, and influence policies, procedures, and guidelines.

Adopted by City Council in May 2011, after a collaborative effort by Department Directors and the City Manager to consolidate employee suggestions, these five core values represent the first milestone in instituting the City's new Performance Excellence Program.

Integrity

We will conduct ourselves in an honest, trustworthy, and ethical manner.

Accountability

We will take full responsibility for our actions, resources, and attitudes.

Teamwork

We will work together to provide quality services.

Customer Service

We will be professional, use all available resources, and strive to meet the needs of our customers.

Continual Improvement

We will promote a culture that seeks to better our organization.

Adopted by City Council in September 2011, after a collaborative effort by Department Directors and the City Manager, the updated Vision and Mission for the City are as follows:

Vision

The City of Fort Walton Beach: a recognized leader in the provision of Community Services.







Mission

To enhance and protect the Community by providing quality services.

Strategic Plan

Adopted in May 2023

City Council's primary responsibility is to shape public policy to achieve the citizens' desires for the future. As time passes, the complexion of a community, its residents and leaders change, as do the priorities of the community. There is probably no more daunting a task that any community faces than planning for its future and identifying future priorities. The Strategic Plan is a multiyear plan and the budget process determines which parts of the Plan receive resources each year. Each Objective is in line with the City's Vision, Mission Statement and Core Values. Throughout this document, Strategic Plan Objectives have been tied to expenses, capital improvement projects, and performance measures – look for the icons below

Plan Initiative	Plan Objective	Status
	#1 Public Safety / Vagrancy	The City Council has discussed dedicating resources to increasing Public Safety presence and working toward reducing vagrancy in the area.
	#2 Recreation Services Expansion	Projects currently on-going and near future include: Landing renovation, Museum addition construction, Cemetery Admin Building, Preston Hood Athletic Complex Expansion, and Liza Jackson Waterfront Park boating upgrades.
	#3 Employee Retention	City Council recently approved a Pay and Class Study that brought wages to a competitive rate in the area.
	#4 Customer Service	City Council and staff are committed to providing the best Customer Service at all facilities.
	#5 Downtown Plan/Around the Mound	Bridge construction is on-going and the Around the Mound concept is quickly approaching. PD&E study is in the planning phase now.
	#6 Consolidation Opportunities	City Council is currently looking at opportunities to continue to provide quality service at a reduced cost.

CITY OF FORT WALTON BEACH, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

PREPARED BY:

**THE FINANCE DEPARTMENT
City of Fort Walton Beach
107 Miracle Strip Parkway
Fort Walton Beach, FL 32548
www.fwb.org**

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City of Fort Walton Beach

"The Treasure of the Emerald Coast"

107 Miracle Strip Parkway SW * Fort Walton Beach, FL 32548

(850) 833-9504 * Fax (850) 833-9640

www.fwb.org



March 15, 2024

Honorable Mayor, City Council Members,
& Citizens of the City of Fort Walton Beach
City of Fort Walton Beach
107 Miracle Strip Parkway SW
Fort Walton Beach, FL 32548

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Fort Walton Beach, Florida for the fiscal year ended September 30, 2023, is hereby submitted herewith pursuant to Chapter 218.39(1)(d) of the Florida Statutes requiring each local government entity to complete an audit report within nine (9) months after the end of the fiscal year.

This report consists of management's representations concerning the finances of the City of Fort Walton Beach, Florida. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Fort Walton Beach 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's financial statements in conformance with GAAP (Generally Accepted Accounting Principles). Because the cost of internal controls should not outweigh their benefits, the City'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 respects.

The financial statements of the City of Fort Walton Beach have been audited by Warren Averett, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Fort Walton Beach's financial statements for the fiscal year ending September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented in Section II - Financial Section as the first component of this section of the report.

Generally accepted accounting principles require 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 MD&A and should be read in conjunction with it. The City of Fort Walton Beach's MD&A can be found immediately following the report of the independent auditor.

GOVERNMENT PROFILE

DATE OF INCORPORATION: June 16, 1941	
FORM OF GOVERNMENT: Council & Manager	PAVED STREETS: 93.12 miles
GEOGRAPHIC AREA: 7.60 square miles	SIDEWALKS: 63.67 miles
TAXABLE ASSESSED VALUE: \$1,887,116,546	WATER & SEWER LINES: 282.82 miles
CITY MILLAGE RATE: 4.6116	STORM DRAIN: 43.18 miles
POPULATION: 21,120	POLICE STATIONS: 1 FIRE STATIONS: 2
EMPLOYEES: 362 positions, 317.51 FTE's	LIBRARIES: 1 MUSEUMS: 4
SWORN POLICE OFFICERS: 54	18-HOLE GOLF COURSES: 2
FIREFIGHTING PERSONNEL: 44	ACRES OF PARKS: 206

The City of Fort Walton Beach, Florida prides itself on being a small, family-oriented seaside community boasting a downtown area that was home to a significant prehistoric Native American community on the Gulf Coast of Northwest Florida. Situated at the junction of two major highways - US 98 (Miracle Strip Parkway) and SR 85 (Eglin Parkway) - Fort Walton Beach enjoys the benefits of its crossroads location along the coastal portion of the Northwest Florida regional transportation network. The City offers a full-service government providing police and fire protection; cultural and recreational activities including parks, a library, a museum, and two championship golf courses; planning and zoning; public works such as street, sidewalk, right-of-way, and cemetery maintenance; utility services including water, sewer, and stormwater; and garbage and recycling collection to a coastal community of 21,120 full-time residents.

The City has an exciting and romantic history. As early as 600 B.C., Indian tribes were attracted to Fort Walton Beach from the Mississippi and Tennessee River Valleys and the Southeast Georgia coast. The beginning for the City occurred following the War Between the States when Alabama war veteran John Brooks selected a site of 111 acres where he built a three-room cabin in 1867. Other settlers soon followed. By 1884, the population of the area required establishment of a small schoolhouse. In 1902, the first hotel, Brooks House, was built along the sound and shortly thereafter the first post office was built in 1906. The Montgomery, Alabama, Maxwell Field military base developed an airfield in Fort Walton in 1933 on 137 acres of land and used it as a bombing and gunnery range. The most significant factor in the City's growth was the creation and later expansion, of that airfield, which is now Eglin Air Force Base (the largest military installation in the world) in 1937, the year the City Charter was adopted. Originally chartered as a municipality under the laws of the State of Florida, actual formation of the City was in 1941 when the Florida Legislature officially named it the Town of Fort Walton. In 1953, the Florida Legislature granted the City a new charter at which time the name was changed to Fort Walton Beach. The name Walton originates from Colonel George Walton, who was Secretary of the East-West Florida Territory in 1822-26 and son of George Walton, signer of the Declaration of Independence and Governor of Georgia.



First Schoolhouse

The presence of the military base provided the key economic stimulus for the City's early growth, supplemented by the attractiveness of the location. The City enjoyed a substantial population and economic boom from the 1950's through the end of the 1970's. Subsequently, things started to slow down. The military base became less important to the City's economy than the growing tourism industry. In the late 1960's and early 1970's Fort Walton Beach began to experience a decline in economic prosperity, some of which can be attributed to the utility and transportation infrastructure getting older and commercial and residential structures becoming deteriorated. New development began to take place in the surrounding communities. The City, having nearly run out of developable land, started to focus attention on finding ways to induce private enterprise investment in the City and thus capturing a greater share of the local and regional market.

The City's premier gathering place along the Santa Rosa Sound has been the Landing Park since its purchase in 1986. In Spring 2023, the Landing Park renovations commenced with Phase I of this project. Building upon that with the complete reconstruction of Brooks Street, including the Brooks Bridge Park in 2013, the City's downtown waterfront was opened to an extent never realized and spurred economic growth downtown. Outside of downtown, the City completed construction of a new recreational complex in 2015 and a new field office complex in 2019, which has added to the attraction of the City. Additionally, a 4,500 square foot Museum addition is currently in progress, a new Beal Cemetery Administration Building, Liza Jackson Park waterfront renovations, as well as a 12-acre Preston Hood Athletic Complex expansion. A "once in a lifetime" project on the horizon, "Around the Mound", will connect the then newly built Brooks Bridge to Highway 98, around the Heritage Park and Cultural Center. This will allow the City of Fort Walton Beach to have a true "downtown" atmosphere.



Fort Walton Beach Landing Rendering

The financial reporting entity (the government) includes all the funds and account groups of the City of Fort Walton Beach, Florida, as well as component units. Component units are legally separate entities for which the primary government is financially accountable. Accordingly, the Fort Walton Beach Community Redevelopment Agency is reported as a blended component unit of the City of Fort Walton Beach.

The budget process begins in February, which includes Finance staff preparing the new fiscal year's documentation. The City Charter charges the City Manager with the duty of presenting a balanced budget to the City Council. The budget is considered balanced if the total of all available financial resources (either on hand at the beginning of the year or generated during the year) equals or exceeds the total of all financial requirements. In August, the City Manager's proposed budget is presented to City Council for review and discussion. During September, two public hearings to formally adopt the millage (property tax) rate and budget are held per State Statute. The adopted budget is published no later than October 1.

In April the City Council, acting as the Legislative Body of the City, holds at least one (1) Strategic Planning Session. The goals set during this meeting are used by staff to formulate the budget that is presented to City Council. In June, the tentative millage rate is set, and staff determines Council's priorities and position on issues specific to development of the operational and capital budgets for the upcoming fiscal year. City Council's decisions provide the framework under which the budget is prepared to meet City Council's programmatic objectives within available fiscal resources. The meeting is open to the public and the public is encouraged to attend and participate.

Department Directors are responsible for identifying their staffing needs, operational funding needs within budget development parameters, five-year capital requests, as well as corresponding revenue sources to fund their needs. In addition, they must conduct a comprehensive review of departmental goals, objectives, and metrics.

The City Charter charges the City Manager with the duty of presenting a balanced budget to City Council. To accomplish this goal, a Budget Committee is formed comprised of the City Manager, Finance Director, and Budget Analyst. The Committee conducts comprehensive meetings with Department Directors to review their budget requests and a collaborative effort is undertaken to achieve City Council and department goals within fiscal constraints. The Budget Committee enlists assistance for areas of specialized interests, such as the Information Technology Manager for computer issues; the Administrative Services Director for employee benefits, personnel, and risk management issues; and the Fleet Supervisor for vehicle and equipment replacement schedules. Department goals, objectives, and metrics are also evaluated during budget development to determine the effectiveness of program activities and appropriate funding levels. After the departmental meetings, the Budget Committee finalizes the proposed budget given revenue projections, economic conditions, funding requirements, and City Council program priorities and issues previously identified in the budget process. Once a balanced budget is achieved, it is presented to City Council for consideration. The City Council is required by Florida Statutes and the City Charter to hold public hearings on the proposed budget and adopt a final budget no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, department (e.g., financial services), and division (e.g., purchasing). Department Directors may request transfers of appropriations within a department and between divisions to transfer appropriations between line items, not to increase the total budget or to transfer resources between funds. Transfers of appropriations between funds require the approval of the City Council. The budget may be amended at any time by Resolution of City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Community Redevelopment Agency Fund, this comparison is presented on pages 85 & 86 as required supplementary information (RSI). For governmental funds with appropriated annual budgets, other than those previously mentioned, this comparison is presented with the combining and individual fund statements and schedules, Section D of this report, which starts on page 101.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The FY 2023-2024 budget of \$56,300,597 is \$2.8M, or 4.78%, less than the adopted FY 2022-2023 budget. The decrease is primarily due to the completion of some capital projects, long-time staffing retirements, and overall streamlining of operating expenditures. The budget is predicated on a millage rate of 4.6116 mills; as a result, ad valorem revenues will increase by 1.59% in the General Fund. Ad valorem revenues in the CRA Fund City and County Original TIF averaged a 2.32% increase, whereas the City and County Expanded TIF averaged a 20.22% increase.

Eglin Air Force Base is the world's largest Department of Defense installation, spanning 724 square miles. Defense contractor companies are established throughout the Northwest Florida region. It is estimated that local military bases currently represent a \$9.2B annual economic impact on the area, with 63.3% of the local economy supported by the military.

Being located on the Gulf of Mexico in Northwest Florida, tourism is a large part of the regional economy. Regional accolades continue to enhance the area's image, promote visibility, and generate additional tourism and sales tax dollars. Local tourism has benefited from the national shift to vacation sites accessible by driving instead of flying. The Fort Walton Beach-Destin area is a popular drive destination in Florida, according to a survey of auto visitors by Visit Florida.

Long-Term Financial Planning

The City undertakes several processes to assist in future planning, such as:

- A five-year Capital Improvement Program (CIP) Plan is developed and approved by City Council each year during the annual budget process.
- Five-year replacement plans for capital equipment, including vehicles, equipment, and computer hardware and software, are also developed and approved by management each year during the annual budget process.
- Annual Strategic Plan, which focuses on a one-to-three-year time period.

Relevant Financial Policies

The City has several financial policies that are utilized during daily operations, as well as during the budget and financial planning processes. The City utilizes fund balance reserves only for one-time non-recurring expenditures. In addition, the City maintains its fund balance level in the General Fund at 30% of fund expenditures – this policy helps to ensure that the City has sufficient funding in place for emergency and disaster relief.

Major Initiatives

These financial policies, as well as other indicators, were considered when adopting the City's budget for FY 2023-2024. The City's budget for FY 2023-2024 allocates \$32.7M to the General Fund, \$19.8M to the enterprise funds, and \$3.8M to other funds.

For the FY 2023-2024 budget, the ad valorem tax rate decreased to a millage rate of 4.6116 mills. The FY 2023-2024 budget includes Year 5 of the five-year utility rate study, which was adopted by City Council on August 11, 2020. The utility rate study included recommendations on rate structures for water and wastewater, stormwater, and solid waste. The fire assessment fee was eliminated in FY 2023-2024. No other significant changes to the City's various rates and fees are included in the FY 2023-2024 budget.

AWARDS AND ACKNOWLEDGMENTS

Awards

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 Fort Walton Beach for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2022. This was the 20th consecutive year that the City received this prestigious award. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, satisfying both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one (1) year only. Staff believes the current report continues to meet the Certificate of Achievement Program requirements and will be submitted to the GFOA to determine its eligibility for recertification.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2023. This was the 28th consecutive year that the City received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department who assisted and contributed to the preparation of this report.

I would also like to thank the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fort Walton Beach's finances and for their attention in conducting the financial operations of the City in a responsible and progressive manner.

Appreciation is also expressed to the accounting firm of Warren Averett, LLC for their continued assistance and professionalism.

Respectfully submitted,

A handwritten signature in black ink that reads "Jeff Peters". The signature is written in a cursive, flowing style.

Jeff Peters
Acting City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

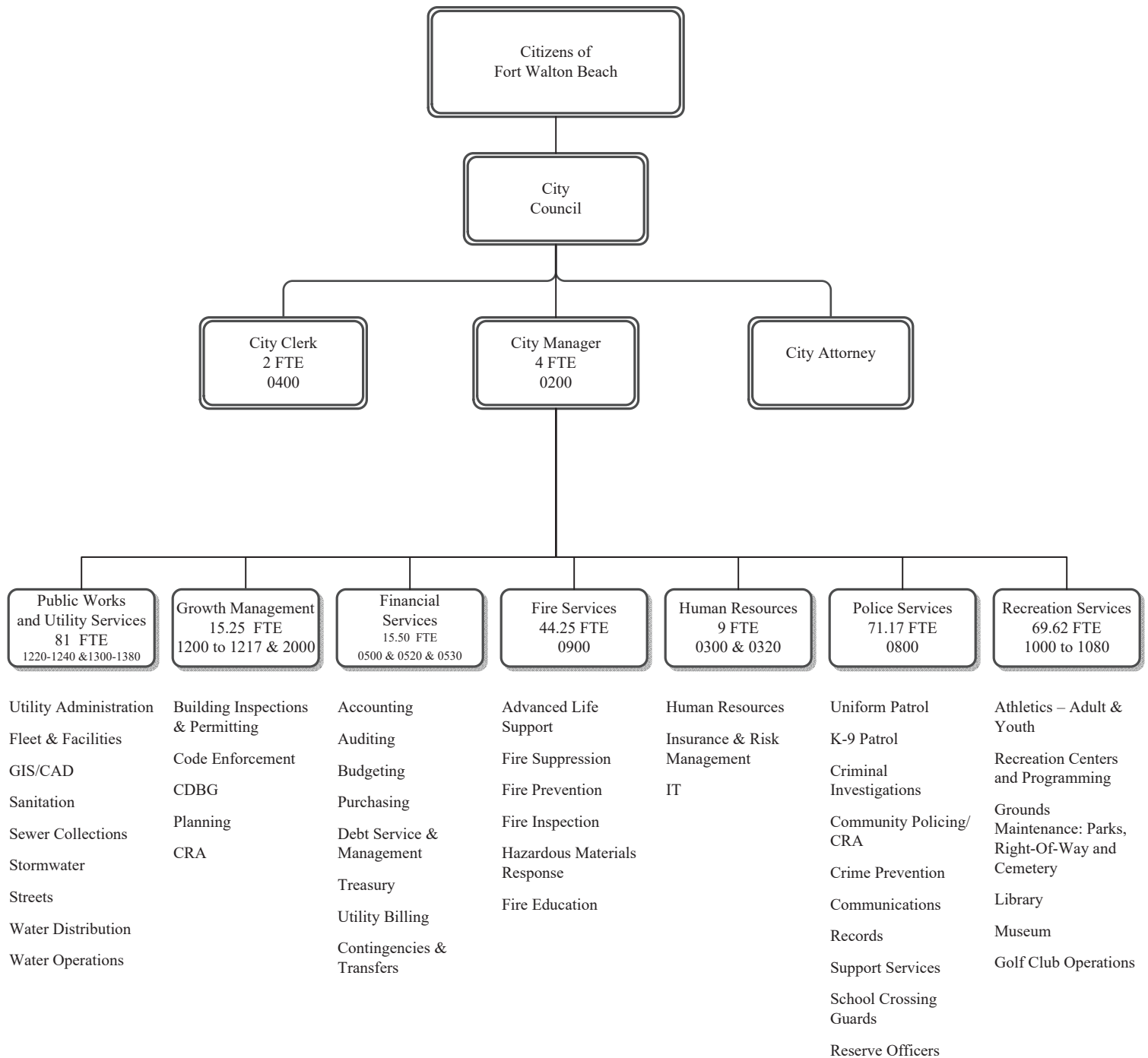
**City of Fort Walton Beach
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council Members
City of Fort Walton Beach, Florida

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, the budgetary comparison information for the General Fund and Community Redevelopment Agency (special revenue fund), and the schedules related to the pension and OPEB liabilities, contributions, and investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Florida Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements and schedules and the schedule of expenditures of federal awards and 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 15, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Fort Walton Beach, Florida
March 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fort Walton Beach, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv - ix of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$87.4 million (total net position). Of this amount, \$24.7 million represents unrestricted net position that is available to meet the City's ongoing obligations to citizens and creditors.
- The government's net position increased by \$8.6 million during the fiscal year. In the governmental activities, revenues and transfers exceeded expenses by \$7.7 million in fiscal year 2023. This was the result of multiple factors including the sale of surplus property for \$4.7 million and investment returns of \$1.6 million. In the business-type activities revenues exceeded expenses and transfers by \$845,755 in fiscal year 2023. Charges for services in the business-type activities and related expenses were relatively consistent between the current and prior fiscal year.
- As of the close of the fiscal year, the City's governmental funds have combined ending fund balances of \$45.3 million, an increase of \$8.0 million from the prior year. This increase is primarily attributable to delays in the commencement of planned capital projects, which is consistent with \$8.9 million of encumbrances and special projects appropriated into the subsequent fiscal year.
- As of September 30, 2023, committed, assigned, and unassigned fund balance of the General Fund totaled \$26.1 million, or 88.4% of total expenditures in the General Fund.
- The City's total debt decreased by \$1.1 million or 2.8%, during the fiscal year. This decrease is consistent with scheduled principal payments on existing long-term obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The focus of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34 is on both the City as a whole (government-wide) and on major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the City's accountability.

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements consolidate governmental and business-type activities into two columns, which sum to a total for Primary Government. This provides readers with a broad overview of the City's finances in a manner similar to a private-sector business. Two statements, the statement of net position and the statement of activities, are utilized to provide information on a government-wide basis.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. This statement combines and consolidates the governmental funds' current financial resources (short-term available 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 government'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 flow in future fiscal periods.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (city clerk, city council, city manager, human resources, finance, purchasing, fleet maintenance, service maintenance, and non-departmental expenses), public safety (police, fire, building, and code enforcement services), physical environment (cemetery), transportation (engineering, streets, public works, and right-of-way), economic development (Community Development Block Grant Program, and community redevelopment agency), culture and recreation (parks, golf, library, and museum), and debt service interest. The business-type activities of the City include utilities (water, sewer, and storm water), and sanitation.

The government-wide financial statements include not only the City itself (known as the primary government), but a component unit, the Community Redevelopment Agency (CRA), which is a legally separate entity for which the City is financially accountable. The CRA is considered a blended component unit of the City and is presented as a special revenue fund as part of the primary government. The government-wide financial statements are found on pages 15-16 of this report.

Fund Financial Statements

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

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 are reported using an accounting method called modified accrual accounting, the focus of which is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are on pages 17-20 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 for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eight individual governmental funds (General Fund, Community Redevelopment Agency Fund, Florida Building Code Fund, Law Enforcement Trust Fund, Law Enforcement Training Fund, Debt Service Fund, Community Development Block Grant Fund, and Beal Memorial Cemetery Perpetual Care Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and the Community Redevelopment Agency Fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The Community Redevelopment Agency Fund is considered a major fund for reporting purposes.

The City of Fort Walton Beach adopts an annual appropriated budget for its General Fund, as well as each of the other governmental funds. Budgetary comparison schedules are provided for the General Fund and the CRA Fund on pages 85-86 of this report.

Proprietary Funds

All proprietary funds of the City are maintained as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the statement of net position and the statement of activities. The City uses enterprise funds to account for its utility operations (water operations and distribution, sewer collections and treatment, and stormwater management), and sanitation operations (garbage).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on utilities operations, sanitation operations, and stormwater operations, all of which are presented as major funds of the City. The basic proprietary fund financial statements are found on pages 21-25 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City's fiduciary funds include the Pension Trust Funds (general employees, police officers, and firefighters). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are found on pages 26-27 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that 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 28 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. This required supplementary information is found on pages 88-100 of this report.

The combining and individual fund statements, referred to earlier in connection with non-major governmental funds, immediately follow the required supplementary information on pension and OPEB plans and can be found beginning on page 101 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$87.4 million, as reported in Table 1 below. The City's net position increased by \$8.6 million for the fiscal year ended September 30, 2023. The governmental activities reported an increase of \$7.7 million and the business-type activities reported an increase of \$845,755.

Table 1
Statement of Net Position
As of September 30
(In Thousands of Dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current & Other	\$52,187	\$51,477	\$21,300	\$21,236	\$73,487	\$72,713
Capital Assets	52,817	50,802	31,055	30,172	83,872	80,974
Total Assets	105,004	102,279	52,355	51,408	157,359	153,687
Deferred Outflow of Resources	13,569	7,687	2,663	653	16,232	8,340
Liabilities						
Long-Term Liabilities	49,741	39,098	17,692	17,157	67,433	56,255
Other Liabilities	5,162	8,246	5,972	2,593	11,134	10,839
Total Liabilities	54,903	47,344	23,664	19,750	78,567	67,094
Deferred Inflow of Resources	6,836	13,514	766	2,568	7,602	16,082
Net Position						
Net Investment in Capital Assets	31,499	28,661	15,557	13,423	47,056	42,084
Restricted	15,056	12,376	592	621	15,648	12,997
Unrestricted	10,279	8,071	14,439	15,699	24,718	23,770
Total Net Position	\$56,834	\$49,108	\$30,588	\$29,743	\$87,422	\$78,851

By far, the largest portion of the City's assets, \$47.1 million or 53.8%, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt still outstanding that was used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports the investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position of \$15.6 million, or 17.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24.7 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Reported in Table 2 are the key elements of the changes in net position for the current year.

Table 2
Statement of Changes in Net Position

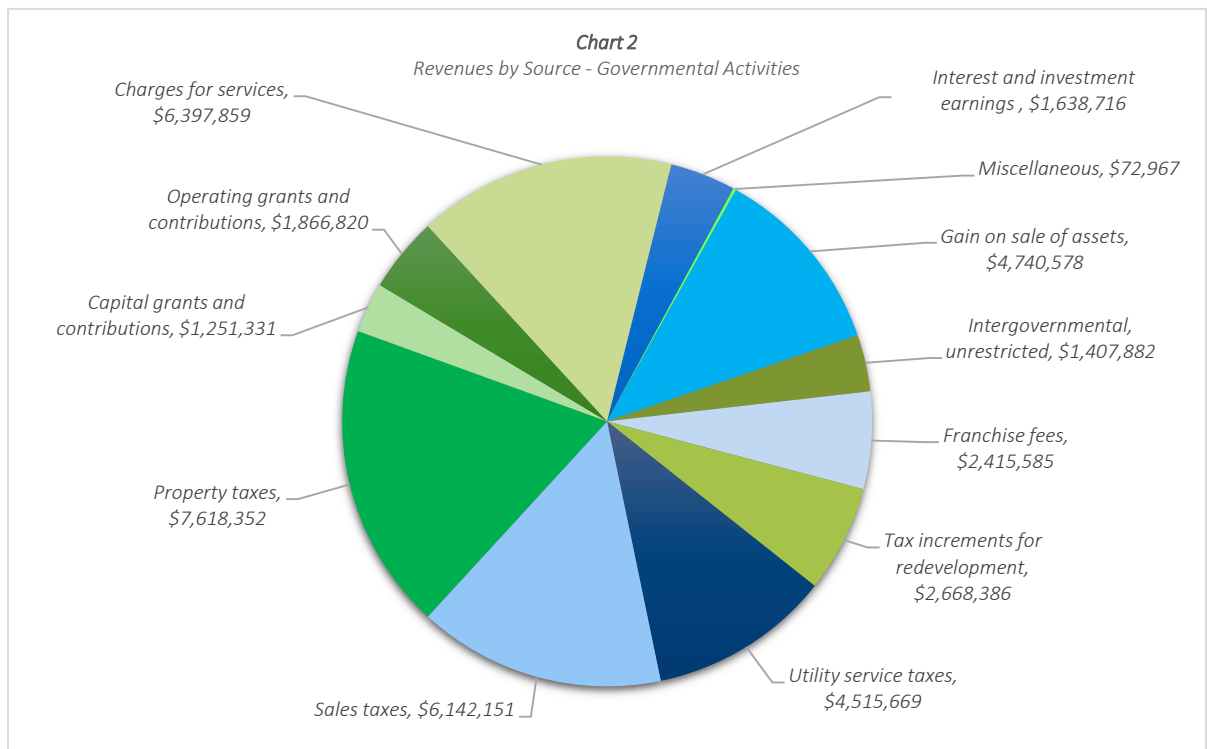
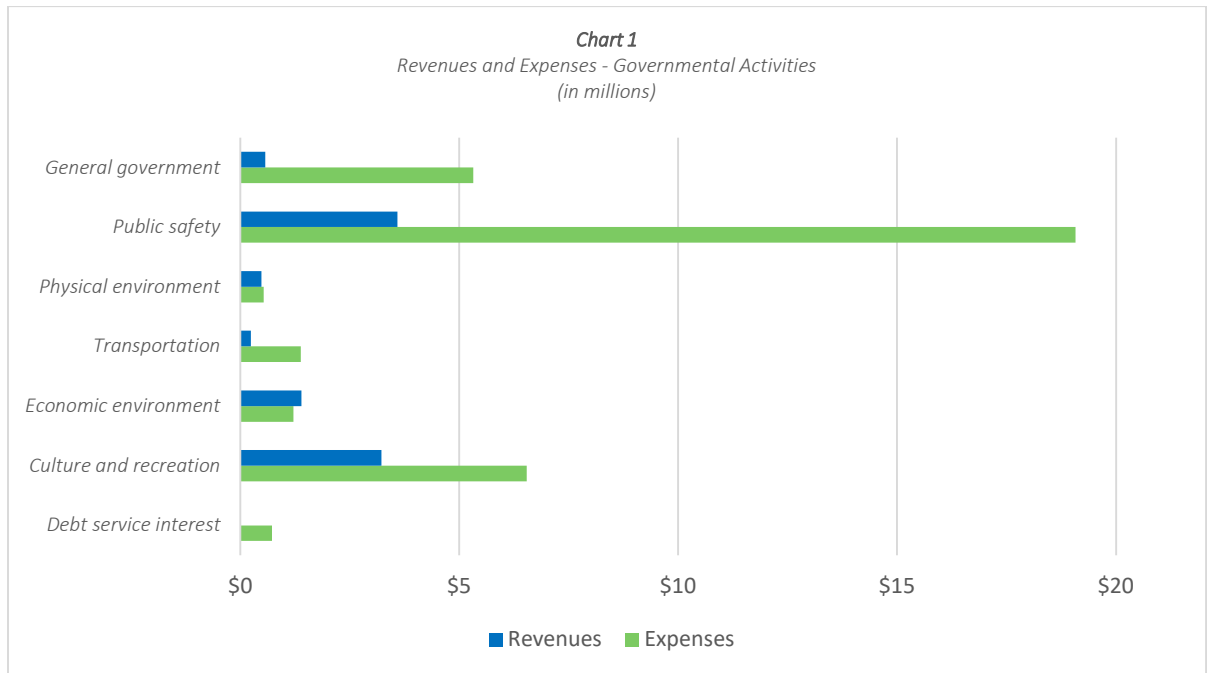
	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenue:						
Charges for Services	\$6,397,859	\$6,218,093	\$17,845,146	\$17,806,191	\$24,243,005	\$24,024,284
Operating Grants & Contributions	1,866,820	1,460,346	-	-	1,866,820	1,460,346
Capital Grants & Contributions	1,251,331	125,832	122,670	46,063	1,374,001	171,895
General Revenue:						
Property Taxes	7,618,352	7,025,573	-	-	7,618,352	7,025,573
Other Taxes	10,657,820	10,695,470	-	-	10,657,820	10,695,470
Tax Increments for Redevelopment	2,668,386	2,404,122	-	-	2,668,386	2,404,122
Other Revenue (Losses)	10,275,728	2,355,131	422,242	(872,436)	10,697,970	1,482,695
Total Revenues	40,736,296	30,284,567	18,390,058	16,979,818	59,126,354	47,264,385
Expenses						
Primary Government						
General Government	5,321,980	4,318,011	-	-	5,321,980	4,318,011
Public Safety	19,077,377	14,020,586	-	-	19,077,377	14,020,586
Physical Environment	531,784	531,268	-	-	531,784	531,268
Transportation	1,385,178	1,401,797	-	-	1,385,178	1,401,797
Economic Environment	1,217,467	1,194,625	-	-	1,217,467	1,194,625
Culture & Recreation	6,545,449	6,103,857	-	-	6,545,449	6,103,857
Debt Service Interest	728,062	716,930	-	-	728,062	716,930
Business-Type Expenses						
Utilities	-	-	10,003,984	10,480,961	10,003,984	10,480,961
Sanitation	-	-	4,774,632	4,142,106	4,774,632	4,142,106
Other	-	-	967,922	1,035,826	967,922	1,035,826
Total Expenses	34,807,297	28,287,074	15,746,538	15,658,893	50,553,835	43,945,967
Increase in Net Position before Transfers	5,928,999	1,997,493	2,643,520	1,320,925	8,572,519	3,318,418
Transfers	1,797,765	1,797,083	(1,797,765)	(1,797,083)	-	-
Increase/(Decrease) in Net Position	7,726,764	3,794,576	845,755	(476,158)	8,572,519	3,318,418
Net Position – Beginning	49,107,459	45,312,883	29,742,514	30,218,672	78,849,973	75,531,555
Net Position – Ending	\$56,834,223	\$49,107,459	\$30,588,269	\$29,742,514	\$87,422,492	\$78,849,973

Current Year Impacts – Governmental Activities

Governmental activities increased the City's net position by \$7.7 million for the fiscal year ended September 30, 2023. Key elements of this change are as follows:

- Total revenues increased by \$10.5 million, which is primary attributable to the sale of surplus property for \$4.7 million and a \$3.1 million increase in investment returns as the result of improved market performance for the City's investments during the fiscal year. Additional information on the City's investments can be found in Notes 3 and 4 to the financial statements.

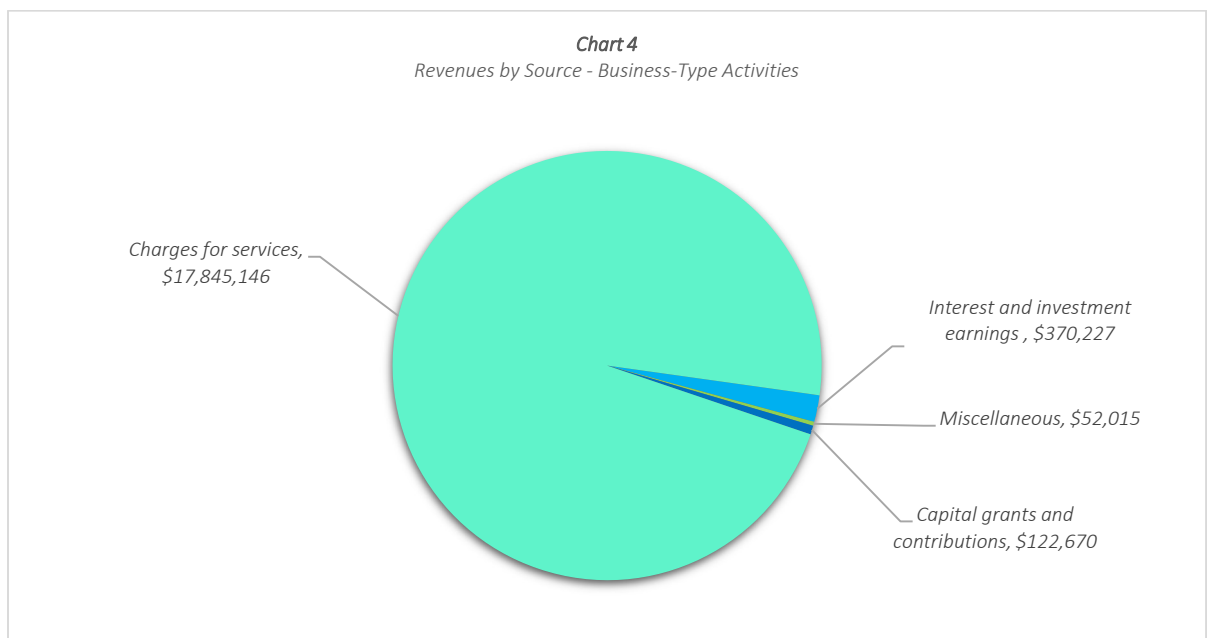
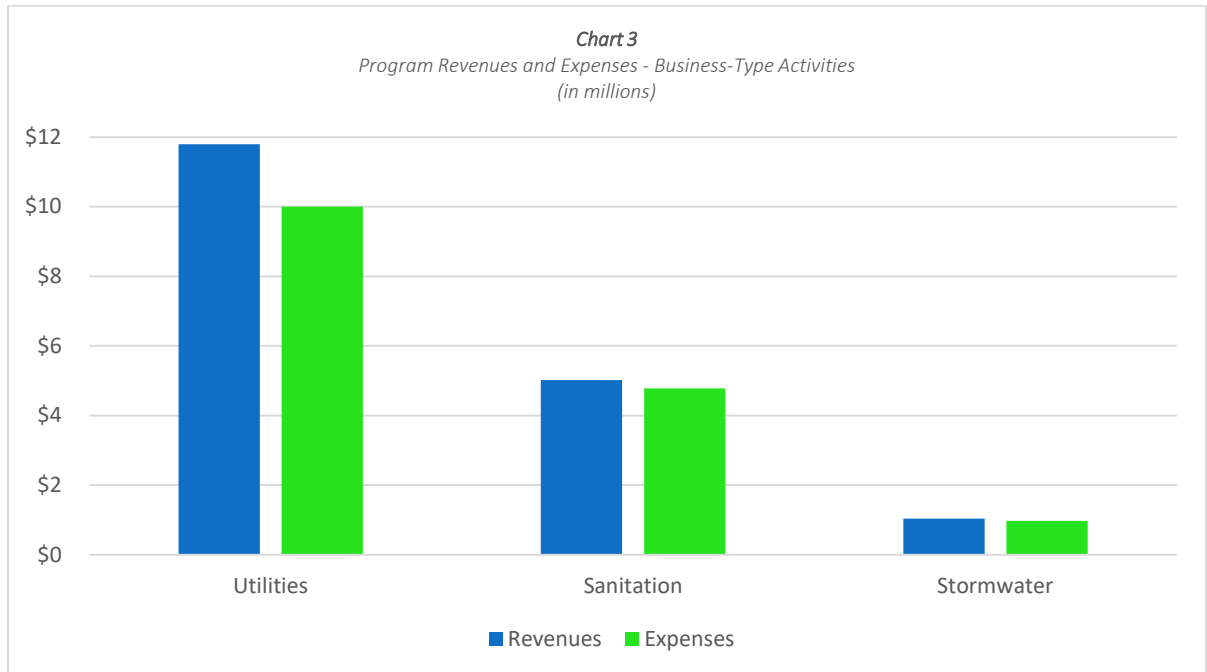
- Total expenses increased \$6.5 million, or 23.1%. This is primarily attributable to increases in payroll and related employee benefit costs, most notably a significant increase in actuarial pension expense.
- Capital grants and contributions increased \$1.1 million. This is primarily due to expending state financial assistance from the Restoration Deepwater Horizon oil spill grant of \$1.1 million on a capital restoration project at the Fort Walton Beach Landing.



Current Year Impacts – Business-Type Activities

Business-type activities decreased the City's net position by \$845,755 for the fiscal year ended September 30, 2023. Key elements of this change are as follows:

- Other revenues increased by \$1.3 million, which is primarily attributable to a \$1.2 million increase in investment earnings as the result of improved market performance for the City's investments during the fiscal year. Additional information on the City's investments can be found in Notes 3 and 4 to the financial statements.
- Total expenses for the business-type activities increased by \$87,645, or 0.6%, primarily due to an increase in payroll and related employee benefit costs.



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 available resources. Such information is useful in assessing the City's financing requirements. 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 have combined ending fund balances of \$45.3 million, an increase of \$8.0 million from the prior year. Approximately 66.1% of this amount, or \$29.9 million, is restricted, committed, or assigned for specific purposes. Unassigned and assigned fund balance of \$14.6 million is available for spending at the discretion of the City Council. Details of the fund balance classifications can be found in Note 17 to the financial statements.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, assigned and unassigned fund balance of the General Fund was \$14.6 million, while total fund balance reached \$33.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total expenditures. Total assigned and unassigned fund balance represents 49.3% of the total General Fund expenditures, while total fund balance represents 114.0% of that same amount. During the fiscal year, the fund balance of the City's General Fund increased by \$6.4 million. This increase is primarily attributable to the sale of surplus real estate totaling \$4.7 million and investment earnings of \$1.1 million.

The CRA's fund balance increased by \$991,665. This is primarily attributable to a special assessment being repaid in full during the fiscal year as well as a decrease in total expenditures.

Proprietary Funds

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

Unrestricted net position of the proprietary funds totaled \$14.4 million on September 30, 2023, of which the Utilities Fund reported \$10.6 million, the Sanitation Fund reported \$2.5 million, and the Stormwater Utility Fund reported \$1.3 million. The factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Fiduciary Funds

The General Employees' Retirement Fund's net position as a percentage of the total pension liability, an indicator of the sustainability of the Plan, was 89.5%, a decrease of 21.3% from the prior year. Employees contribute 5% of pay to the Plan and the City contributed \$314,371, which was a decrease of \$266,476 compared to the previous fiscal year.

The Police Officers' Retirement Fund's net position as a percentage of the total pension liability was 72.0%, a decrease of 14.2% from the previous fiscal year. Employees contribute 5% of pay to the Plan and the City and State contributed \$1.5 million, an increase of \$143,093 compared to the previous fiscal year.

The Firefighters' Pension Trust Fund's net position as a percentage of the total pension liability was 59.8%, a decrease of 14.7% from the previous fiscal year. Employees contribute 8.0% of pay to the Plan and the City and State contributed \$1.7 million, an increase of \$59,495 compared to the previous fiscal year.

Additional information on the pension plans can be found on pages 51-67 of this report.

The General Employees' Retirement Fund was closed to new entrants in January 2010, and all new hires are required to participate in a defined contribution plan, which is administered by the International City Managers Association Retirement Corporation. Additional information on the defined contribution plan can be found on page 68 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule showing the original budget, the final budget, the actual results, and the variance from the final budget to the actual results is included for the General Fund on page 85 of the financial statements. The difference between the original budget and the final budget for expenditures was an increase of \$7.5 million. Significant information related to this difference is summarized as follows:

- Increase of \$3.0 million for construction of traffic improvements on Lewis Turner Blvd.
- Increase of 1.5 million to establish appropriations for workforce housing initiative fund.
- Increase of \$757,329 for the purchase of a pumper fire truck.
- Increase of \$702,832 for construction of the Heritage Park and Cultural Center addition.
- Increase of \$500,000 for a portion of the City's share of costs of the Around the Mound PD&E study.
- Increase of \$500,000 for the purchase of fire vessel awarded through a Port Security grant.

Actual results, when compared to the final budget, show a variance of \$8.6 million for expenditures. This variance is primarily due to amending the budget for capital project expenditures planned, but not yet commenced or completed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities, as of September 30, 2023, was \$83.9 million (net of accumulated depreciation and related debt). This represents a net increase of \$2.9 million, or 3.6%. Highlights are summarized as follows:

- Capital assets outdated, unserviceable, and no longer used are systematically disposed of on an annual basis.
- The City expended \$1.4 million to replace the golf irrigation system.
- The kitchen was renovated at Fire Station #6 for a total cost of \$58,479.
- The replaced 11 Police Department vehicles for a total cost of \$368,012.

Table 3 below highlights the overall changes in this category.

Table 3
Total Capital Assets
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Land	\$11,303,138	\$11,131,840	\$709,678	\$709,678	\$12,012,816	\$11,841,518
Buildings	20,522,481	21,475,978	69,367	73,487	20,591,848	21,549,465
Improvements other than Buildings	10,606,744	10,593,661	26,322,817	26,274,574	36,929,561	36,868,235
Machinery & Equipment	5,409,346	5,710,368	2,698,562	2,864,717	8,107,908	8,575,085
Easements	-	-	39,742	39,742	39,742	39,742
Right-of-use assets	182,542	378,049	161,073	188,083	343,615	566,132
Subscription assets	1,834,991	1,281,392	-	-	1,834,991	1,281,392
Construction in Progress	2,957,362	231,143	1,053,910	22,113	4,011,272	253,256
	\$52,816,604	\$50,802,431	\$31,055,149	\$30,172,394	\$83,871,753	\$79,693,433

Additional information on the capital assets of the City can be found in Note 6 of this report on pages 47-49.

Long-Term Debt

As shown in the following table, as of September 30, 2023, the City had total outstanding long-term debt of \$36.9 million. All the City's debt represents notes and bonds secured solely by specified revenue sources (i.e., revenue notes), financing contracts, lease obligations, and subscription liabilities. The City has no general obligation or special assessment debt. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts greater than one year, the City is required to conduct a voter referendum.

Table 4
Outstanding Debt

	Governmental Assets		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Revenue Notes & Bonds	\$18,873,566	\$20,253,795	\$5,683,000	\$6,167,000	\$24,556,566	\$26,420,795
State Revolving Fund	-	-	9,704,126	10,452,433	9,704,126	10,452,433
Financing Contracts	536,581	600,745	-	-	536,581	600,745
Lease Obligations	193,047	393,186	166,017	190,610	359,064	583,796
Subscription Liabilities	1,714,631	1,281,392	-	-	1,714,631	1,281,392
	\$21,317,825	\$22,529,118	\$15,553,143	\$16,810,043	\$36,870,968	\$39,339,161

Additional information on the City's long-term debt can be found in Notes 13 to 15 of this report on pages 73-79.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic indicators and factors that are useful for evaluating the framework within which the City operates are discussed below.

- The Consumer Price Index (CPI) is 4.2% higher than a year ago for the Southern Region. This indicator is a widely used gauge of inflation and translates into a higher cost of providing services to residents.

- The local unemployment rate was 2.7%, which represents an approximate 0.5% increase from September 2022. The State of Florida's unemployment rate was 3.0%, which represents an approximate 0.5% increase from September 2022. The unemployment rate will impact the City's fee and usage-based revenues, and shared portions of the State of Florida's usage-based taxes.
- The published state revenue sharing distribution estimate is up by 1.0% over the prior year, the half-cent sales tax distribution estimate is up by 7.9% over the prior year, and the communication services tax distribution estimate is up by 5.8% compared to the prior year.
- The military has a significant presence in our community with Eglin Air Force Base, Hurlburt Field, and Duke Field. Combined, these three installations employ over 72,000 military and civilian personnel. The military and defense-related industries have a \$22 billion annual impact on Northwest Florida's economy, according to the *Florida Defense Industry Economic Impact Analysis*.

These financial policies, as well as other indicators, were considered when adopting the City's budget for fiscal year 2023. The City's budget for fiscal year 2023 totals \$56.3 million, which is \$466,854 less than the fiscal year 2023 adopted budget. The 2024 budget allocates \$28.5 million to the General Fund, a 3.0% increase as compared to the fiscal year 2022 budget, \$20.8 million to the enterprise funds, and \$7.5 million to other funds.

For the fiscal year 2024 budget, the City Council adopted the millage rate of 4.6116 mills, which is down 7.8% from the previous fiscal year.

Personnel expenses account for approximately 49.3% of the City's budget. The City's fiscal year 2024 budget remains relatively stable in this category, at 317.51 full time equivalent (FTE's) positions, a increase of only 5.7 FTE's from the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the City of Fort Walton Beach's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the City Manager, 107 Miracle Strip Parkway S.W., City of Fort Walton Beach, Florida, 32548. This document and other financial information are available on the City's website at www.fwb.org. Inquiries may also be sent via email to the Finance Department at finance@fwb.org.

CITY OF FORT WALTON BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 20,478,729	\$ 3,110,074	\$ 23,588,803
Investments	24,376,961	15,721,157	40,098,118
Receivables, net	407,980	1,278,663	1,686,643
Internal balances	(54,574)	54,574	-
Due from other governments	2,174,091	110,746	2,284,837
Inventory, at cost	311,357	22,832	334,189
Prepaid items	-	4,534	4,534
Restricted assets			
Cash and cash equivalents	162,313	925,901	1,088,214
Other assets			
Other receivables, net	4,330,923	71,819	4,402,742
Capital assets			
Non-depreciable/amortizable	14,260,500	1,803,330	16,063,830
Depreciable/amortizable, net	38,556,104	29,251,819	67,807,923
TOTAL ASSETS	105,004,384	52,355,449	157,359,833
DEFERRED OUTFLOWS OF RESOURCES	13,569,090	2,663,125	16,232,215
LIABILITIES			
Accounts payable	758,168	306,490	1,064,658
Accrued liabilities	940,443	163,245	1,103,688
Due to other governments	609,636	8,863	618,499
Unearned revenues	31,931	3,717,197	3,749,128
Payable from restricted assets			
Accrued interest	203,506	64,533	268,039
Customer deposits	-	333,849	333,849
Non-current liabilities			
Due within one year			
Compensated absences	256,432	53,995	310,427
Lease obligations payable	161,945	63,549	225,494
Subscription liabilities	495,932	-	495,932
Financing contracts payable	313,797	-	313,797
Revenue bonds and notes payable	1,390,608	498,000	1,888,608
State revolving fund loans payable	-	762,594	762,594
Due in more than one year			
Compensated absences	769,294	161,980	931,274
Lease obligations payable	31,102	102,468	133,570
Subscription liabilities	1,218,699	-	1,218,699
Financing contracts payable	222,784	-	222,784
Revenue bonds and notes payable	17,482,958	5,185,000	22,667,958
State revolving fund loans payable	-	8,941,532	8,941,532
Total OPEB liability	3,709,141	994,387	4,703,528
Net pension liability	26,307,112	2,306,672	28,613,784
TOTAL LIABILITIES	54,903,488	23,664,354	78,567,842
DEFERRED INFLOWS OF RESOURCES	6,835,763	765,951	7,601,714
NET POSITION			
Net investment in capital assets	31,498,779	15,556,733	47,055,512
Restricted			
Debt service	21,156	157,228	178,384
System improvements	-	434,824	434,824
Improvement districts	6,225,881	-	6,225,881
Public safety	1,566,532	-	1,566,532
Other purposes	7,243,110	-	7,243,110
Unrestricted	10,278,765	14,439,484	24,718,249
TOTAL NET POSITION	\$ 56,834,223	\$ 30,588,269	\$ 87,422,492

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/program activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 5,321,980	\$ 291,558	\$ 277,993	\$ -	\$ (4,752,429)	\$ -	\$ (4,752,429)
Public safety	19,077,377	2,296,942	1,140,944	151,191	(15,488,300)	-	(15,488,300)
Physical environment	531,784	486,857	-	-	(44,927)	-	(44,927)
Transportation	1,385,178	198,547	47,072	-	(1,139,559)	-	(1,139,559)
Economic environment	1,217,467	47,806	251,792	1,100,140	182,271	-	182,271
Culture and recreation	6,545,449	3,076,149	149,019	-	(3,320,281)	-	(3,320,281)
Debt service interest	728,062	-	-	-	(728,062)	-	(728,062)
Total governmental activities	34,807,297	6,397,859	1,866,820	1,251,331	(25,291,287)	-	(25,291,287)
Business-type activities							
Utilities	10,003,984	11,790,008	-	26,942	-	1,812,966	1,812,966
Sanitation	4,774,632	5,018,548	-	-	-	243,916	243,916
Stormwater	967,922	1,036,590	-	95,728	-	164,396	164,396
Total business-type activities	15,746,538	17,845,146	-	122,670	-	2,221,278	2,221,278
Total primary government	\$ 50,553,835	\$ 24,243,005	\$ 1,866,820	\$ 1,374,001	(25,291,287)	2,221,278	(23,070,009)
General revenues							
Taxes							
Property taxes					7,618,352	-	7,618,352
Sales taxes					6,142,151	-	6,142,151
Utility service taxes					4,515,669	-	4,515,669
Tax increments for redevelopment districts					2,668,386	-	2,668,386
Franchise fees					2,415,585	-	2,415,585
Intergovernmental, unrestricted					1,407,882	-	1,407,882
Gain on sale of assets					4,740,578	50,435	4,791,013
Miscellaneous					72,967	1,580	74,547
Interest and investment earnings					1,638,716	370,227	2,008,943
Transfers					1,797,765	(1,797,765)	-
Total general revenues and transfers					33,018,051	(1,375,523)	31,642,528
CHANGE IN NET POSITION					7,726,764	845,755	8,572,519
NET POSITION AT BEGINNING OF YEAR					49,107,459	29,742,514	78,849,973
NET POSITION AT END OF YEAR					\$ 56,834,223	\$ 30,588,269	\$ 87,422,492

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2023**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,150,893	\$ 2,511,131	\$ 1,816,705	\$ 20,478,729
Investments	18,017,987	2,701,901	3,657,073	24,376,961
Receivables	4,738,873	-	30	4,738,903
Due from other funds	67,451	-	-	67,451
Due from other governments	833,767	1,245,367	94,957	2,174,091
Inventory, at cost	311,357	-	-	311,357
Restricted assets				
Cash and cash equivalents	141,157	-	21,156	162,313
TOTAL ASSETS	<u>\$ 40,261,485</u>	<u>\$ 6,458,399</u>	<u>\$ 5,589,921</u>	<u>\$ 52,309,805</u>
LIABILITIES				
Accounts payable	\$ 507,384	\$ 213,294	\$ 37,490	\$ 758,168
Accrued liabilities	818,661	19,224	102,558	940,443
Due to other funds	-	-	67,451	67,451
Due to other governments	609,636	-	-	609,636
Advance from other funds	54,574	-	-	54,574
Unearned revenues	31,931	-	-	31,931
Total liabilities	<u>2,022,186</u>	<u>232,518</u>	<u>207,499</u>	<u>2,462,203</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	4,553,510	-	-	4,553,510
FUND BALANCE				
Nonspendable	311,357	-	-	311,357
Restricted	7,243,110	6,225,881	1,587,688	15,056,679
Committed	11,556,463	-	3,814,516	15,370,979
Assigned	9,590,863	-	-	9,590,863
Unassigned	4,983,996	-	(19,782)	4,964,214
Total fund balance	<u>33,685,789</u>	<u>6,225,881</u>	<u>5,382,422</u>	<u>45,294,092</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	<u>\$ 40,261,485</u>	<u>\$ 6,458,399</u>	<u>\$ 5,589,921</u>	<u>\$ 52,309,805</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balance, total governmental funds (page 17)	\$	45,294,092
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental non-depreciable/amortizable assets	14,260,500	
Governmental depreciable/amortizable assets	95,210,994	
Less accumulated depreciation/amortization	<u>(56,654,890)</u>	
		52,816,604

Unavailable revenues in governmental funds is susceptible to full accrual on the entity-wide statements.

Special assessments	32,217	
Receivable related to sale of capital asset	<u>478,517</u>	
		510,734

Deferred inflows of resources and deferred outflows of resources are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental funds.

Deferred outflows of resources related to pension plans	12,481,185	
Deferred outflows of resources related to OPEB plan	1,087,905	
Deferred inflows of resources related to pension plans	(249,989)	
Deferred inflows of resources related to OPEB plan	<u>(2,542,998)</u>	
		10,776,103

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

Notes payable	(18,873,566)	
Accrued interest	(203,506)	
Lease obligations payable	(193,047)	
Subscription liabilities	(1,714,631)	
Financing contracts payable	(536,581)	
Compensated absences	(1,025,726)	
Total OPEB liability	(3,709,141)	
Net pension liability	<u>(26,307,112)</u>	
		<u>(52,563,310)</u>

Net position of governmental activities (page 15)	\$	<u><u>56,834,223</u></u>
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See notes to the financial statements.

CITY OF FORT WALTON BEACH, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 13,833,548	\$ 1,510,607	\$ -	\$ 15,344,155
Permits and fees	3,707,886	210,673	804,189	4,722,748
Intergovernmental	7,636,947	2,257,919	274,702	10,169,568
Charges for services	3,743,367	-	-	3,743,367
Fines	190,708	-	46,353	237,061
Investment income	699,261	51,201	352,299	1,102,761
Miscellaneous	875,077	112,761	20,655	1,008,493
Total revenues	<u>30,686,794</u>	<u>4,143,161</u>	<u>1,498,198</u>	<u>36,328,153</u>
EXPENDITURES				
Current				
General governmental services	4,407,665	-	-	4,407,665
Public safety	13,905,764	333,462	628,488	14,867,714
Physical environment	434,119	-	11,098	445,217
Transportation	938,417	-	-	938,417
Economic environment	19,500	755,547	251,792	1,026,839
Culture and recreation	5,170,888	-	-	5,170,888
Capital outlay	3,916,725	2,062,487	39,739	6,018,951
Debt service				
Principal	738,804	-	1,749,218	2,488,022
Interest	25,273	-	657,643	682,916
Total expenditures	<u>29,557,155</u>	<u>3,151,496</u>	<u>3,337,978</u>	<u>36,046,629</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,129,639</u>	<u>991,665</u>	<u>(1,839,780)</u>	<u>281,524</u>
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	4,668,757	-	-	4,668,757
Issuance of financing contracts	304,825	-	-	304,825
Issuance of subscription liabilities	971,904	-	-	971,904
Transfers in	1,797,765	-	2,441,479	4,239,244
Transfers out	(2,441,479)	-	-	(2,441,479)
Total other financing sources (uses)	<u>5,301,772</u>	<u>-</u>	<u>2,441,479</u>	<u>7,743,251</u>
NET CHANGE IN FUND BALANCE	6,431,411	991,665	601,699	8,024,775
FUND BALANCE AT BEGINNING OF YEAR	<u>27,254,378</u>	<u>5,234,216</u>	<u>4,780,723</u>	<u>37,269,317</u>
FUND BALANCE AT END OF YEAR	<u>\$ 33,685,789</u>	<u>\$ 6,225,881</u>	<u>\$ 5,382,422</u>	<u>\$ 45,294,092</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balance – governmental funds (page 19)	\$	8,024,775
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds do not report capital assets on the balance sheet; however, they are reported in the government-wide financial statements. Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated/amortized over the estimated useful lives of the assets.

Expenditures for capital assets	6,018,951	
Less current year depreciation/amortization	<u>(3,969,668)</u>	
		2,049,283

Governmental funds do not report capital assets on the balance sheet; however, they are reported in the government-wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the statement of activities. In addition, capital asset reassignments are reported as transfers on the statement of activities.

Disposals and transfers of capital assets	(397,439)	
Accumulated depreciation/amortization – disposals and transfers	<u>362,329</u>	
		(35,110)

Special assessment revenue in the governmental funds is recognized when due; however, the revenue was recognized in the statement of activities when it was earned (when levied).

Payments received from special assessments	(211,141)	
Special assessment for interest and penalties	1,756	
Seller financed sales of capital assets with promissory note	40,400	
Payments received on receivable related to the sale of capital assets	<u>(56,519)</u>	
		(225,504)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In addition, long-term debt reassignments are reported as transfers on the statement of activities.

Proceeds from issuance of financing contracts and subscription liabilities	(1,276,729)	
Principal payments on long-term liabilities	2,488,022	
Change in accrued interest on long-term debt	<u>(45,146)</u>	
		1,166,147

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:

Change in net pension liability and related deferred inflows and deferred outflows of resources	(3,145,696)	
Change in other post-employment benefits liability and related deferred inflows and deferred outflows of resources	(40,270)	
Change in long-term compensated absences	<u>(66,861)</u>	
		<u>(3,252,827)</u>

Change in net position of governmental activities (page 16)	\$	<u><u>7,726,764</u></u>
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See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,028,838	\$ 595,066	\$ 486,170	\$ 3,110,074
Restricted assets – cash and cash equivalents	920,421	5,480	-	925,901
Investments	12,390,703	2,516,529	813,925	15,721,157
Receivables, net	894,878	315,290	68,495	1,278,663
Advance to other funds	-	54,574	-	54,574
Due from other governments	-	-	110,746	110,746
Inventory – at cost	22,832	-	-	22,832
Prepaid assets	-	-	4,534	4,534
Total current assets	<u>16,257,672</u>	<u>3,486,939</u>	<u>1,483,870</u>	<u>21,228,481</u>
Other assets				
Advance to other funds	-	-	-	-
Other receivables, net	3,827	-	-	3,827
Lease obligation receivable	<u>67,992</u>	<u>-</u>	<u>-</u>	<u>67,992</u>
Total other assets	<u>71,819</u>	<u>-</u>	<u>-</u>	<u>71,819</u>
Capital assets, net				
Non-depreciable/amortizable	1,621,841	-	181,489	1,803,330
Depreciable/amortizable, net	<u>25,151,574</u>	<u>1,175,639</u>	<u>2,924,606</u>	<u>29,251,819</u>
Total capital assets	<u>26,773,415</u>	<u>1,175,639</u>	<u>3,106,095</u>	<u>31,055,149</u>
Total non-current assets	<u>26,845,234</u>	<u>1,175,639</u>	<u>3,106,095</u>	<u>31,126,968</u>
TOTAL ASSETS	<u>43,102,906</u>	<u>4,662,578</u>	<u>4,589,965</u>	<u>52,355,449</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>1,554,367</u>	<u>842,239</u>	<u>266,519</u>	<u>2,663,125</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION – CONTINUED
SEPTEMBER 30, 2023**

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 142,503	\$ 154,537	\$ 9,450	\$ 306,490
Accrued liabilities				
Compensated absences	32,570	18,274	3,151	53,995
Wages	95,835	54,350	13,060	163,245
Interest	64,533	-	-	64,533
Due to other governments	-	8,863	-	8,863
Lease obligations payable	22,249	-	41,300	63,549
Revenue note payable	498,000	-	-	498,000
State revolving loan payable	762,594	-	-	762,594
Payable from restricted assets				
Customer deposits	328,369	5,480	-	333,849
Unearned revenues	3,717,197	-	-	3,717,197
Total current liabilities	<u>5,663,850</u>	<u>241,504</u>	<u>66,961</u>	<u>5,972,315</u>
Non-current liabilities				
Accrued liabilities				
Compensated absences	97,708	54,820	9,452	161,980
Lease obligations payable	40,942	-	61,526	102,468
Revenue note payable	5,185,000	-	-	5,185,000
State revolving loan payable	8,941,532	-	-	8,941,532
Other post-employment benefits	515,695	343,455	135,237	994,387
Net pension liability	1,230,881	940,727	135,064	2,306,672
Total non-current liabilities	<u>16,011,758</u>	<u>1,339,002</u>	<u>341,279</u>	<u>17,692,039</u>
TOTAL LIABILITIES	<u>21,675,608</u>	<u>1,580,506</u>	<u>408,240</u>	<u>23,664,354</u>
DEFERRED INFLOWS OF RESOURCES	<u>437,675</u>	<u>235,405</u>	<u>92,871</u>	<u>765,951</u>
NET POSITION				
Net investment in capital assets	11,377,825	1,175,639	3,003,269	15,556,733
Restricted				
Debt service	157,228	-	-	157,228
System improvements	434,824	-	-	434,824
Unrestricted	10,574,113	2,513,267	1,352,104	14,439,484
TOTAL NET POSITION	<u>\$ 22,543,990</u>	<u>\$ 3,688,906</u>	<u>\$ 4,355,373</u>	<u>\$ 30,588,269</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	<u>\$ 11,773,115</u>	<u>\$ 5,018,548</u>	<u>\$ 1,036,590</u>	<u>\$ 17,828,253</u>
OPERATING EXPENSES				
Personal services	2,301,169	1,575,744	184,297	4,061,210
Operating	5,525,200	2,924,858	330,927	8,780,985
Depreciation/amortization expense	<u>1,817,841</u>	<u>274,030</u>	<u>447,121</u>	<u>2,538,992</u>
Total operating expenses	<u>9,644,210</u>	<u>4,774,632</u>	<u>962,345</u>	<u>15,381,187</u>
OPERATING INCOME	<u>2,128,905</u>	<u>243,916</u>	<u>74,245</u>	<u>2,447,066</u>
NON-OPERATING REVENUES (EXPENSES)				
Rental income	16,893	-	-	16,893
Interest expense	(353,763)	-	(5,577)	(359,340)
Amortization	(5,613)	-	-	(5,613)
Gain on disposal of capital assets	50,435	-	-	50,435
Investment earnings	63,007	16,202	3,601	82,810
Interest income	196,625	66,692	24,100	287,417
Grants in aid	(398)	-	-	(398)
Miscellaneous	<u>140</u>	<u>1,440</u>	<u>-</u>	<u>1,580</u>
Total non-operating revenues (expenses)	<u>(32,674)</u>	<u>84,334</u>	<u>22,124</u>	<u>73,784</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,096,231</u>	<u>328,250</u>	<u>96,369</u>	<u>2,520,850</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital grants and contributions	-	-	95,728	95,728
Impact fees	26,942	-	-	26,942
Transfers out	<u>(1,239,251)</u>	<u>(360,348)</u>	<u>(198,166)</u>	<u>(1,797,765)</u>
Total capital contributions and transfers	<u>(1,212,309)</u>	<u>(360,348)</u>	<u>(102,438)</u>	<u>(1,675,095)</u>
CHANGE IN NET POSITION	<u>883,922</u>	<u>(32,098)</u>	<u>(6,069)</u>	<u>845,755</u>
NET POSITION AT BEGINNING OF YEAR	<u>21,660,068</u>	<u>3,721,004</u>	<u>4,361,442</u>	<u>29,742,514</u>
NET POSITION AT END OF YEAR	<u>\$ 22,543,990</u>	<u>\$ 3,688,906</u>	<u>\$ 4,355,373</u>	<u>\$ 30,588,269</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 15,471,406	\$ 5,057,493	\$ 1,044,438	\$ 21,573,337
Payments to suppliers	(5,806,417)	(2,926,687)	(346,473)	(9,079,577)
Payments to employees	(2,315,126)	(1,304,202)	(247,310)	(3,866,638)
Miscellaneous income	17,033	1,440	-	18,473
Net cash provided by operating activities	<u>7,366,896</u>	<u>828,044</u>	<u>450,655</u>	<u>8,645,595</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Repayments on interfund loan	-	53,502	-	53,502
Grants in aid	(398)	-	-	(398)
Transfers out	<u>(1,239,251)</u>	<u>(360,348)</u>	<u>(198,166)</u>	<u>(1,797,765)</u>
Net cash used in non-capital financing activities	<u>(1,239,649)</u>	<u>(306,846)</u>	<u>(198,166)</u>	<u>(1,744,661)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Impact fee receipts	26,942	-	-	26,942
Acquisitions of capital assets	(3,255,569)	(8,920)	(157,258)	(3,421,747)
Proceeds from sale of capital assets	50,435	-	-	50,435
Proceeds from issuance of leases	35,644	-	-	35,644
Principal paid on revenue note	(484,000)	-	-	(484,000)
Principal paid on state revolving loan	(748,307)	-	-	(748,307)
Principal paid on lease obligations	(20,800)	-	(39,437)	(60,237)
Interest paid on long-term debt and leases	<u>(359,073)</u>	<u>-</u>	<u>(5,577)</u>	<u>(364,650)</u>
Net cash used in capital and related financing activities	<u>(4,754,728)</u>	<u>(8,920)</u>	<u>(202,272)</u>	<u>(4,965,920)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(3,105,947)	(808,292)	(185,310)	(4,099,549)
Proceeds from sales and maturities of investments	2,852,103	733,398	162,978	3,748,479
Interest and investment earnings, net	<u>259,632</u>	<u>82,894</u>	<u>27,701</u>	<u>370,227</u>
Net cash provided by investing activities	<u>5,788</u>	<u>8,000</u>	<u>5,369</u>	<u>19,157</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,378,307</u>	<u>520,278</u>	<u>55,586</u>	<u>1,954,171</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,570,952</u>	<u>80,268</u>	<u>430,584</u>	<u>2,081,804</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,949,259</u>	<u>\$ 600,546</u>	<u>\$ 486,170</u>	<u>\$ 4,035,975</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF				
Current assets	\$ 2,028,838	\$ 595,066	\$ 486,170	\$ 3,110,074
Restricted assets	920,421	5,480	-	925,901
Total cash and cash equivalents	<u>\$ 2,949,259</u>	<u>\$ 600,546</u>	<u>\$ 486,170</u>	<u>\$ 4,035,975</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 2,128,905	\$ 243,916	\$ 74,245	\$ 2,447,066
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,817,841	274,030	447,121	2,538,992
Miscellaneous revenue	17,033	1,440	-	18,473
Decrease (increase) in assets:				
Accounts receivable	95,015	34,345	7,848	137,208
Inventory	238	-	-	238
Decrease in deferred outflows of resources	(1,178,228)	(644,119)	(193,530)	(2,015,877)
Increase (decrease) in liabilities:				
Accounts payable	(280,740)	(1,003)	(15,546)	(297,289)
Compensated absences payable	(2,428)	8,483	7,131	13,186
Wages	4,520	8,485	3,702	16,707
Other liabilities	(715)	(826)	-	(1,541)
Customer deposits	(26,855)	4,600	-	(22,255)
Unearned revenue	3,646,386	-	-	3,646,386
Net pension liability	2,485,701	1,616,489	350,026	4,452,216
Total OPEB liability	(251,769)	(167,693)	(66,158)	(485,620)
Increase in deferred inflows of resources	(1,088,008)	(550,103)	(164,184)	(1,802,295)
Net cash provided by operating activities	<u>\$ 7,366,896</u>	<u>\$ 828,044</u>	<u>\$ 450,655</u>	<u>\$ 8,645,595</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Capital grants receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,746</u>	<u>\$ 110,746</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS				
Amortization of deferred loss on refunding	<u>\$ 5,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,613</u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023**

	Employee Retirement Funds
ASSETS	
Cash and cash equivalents	\$ 1,743,683
Investments, at fair value	
U.S. Government and Agency obligations	12,805,127
Corporate obligations	1,995,251
Corporate equity	-
Mutual funds and exchange-traded funds	64,471,296
Infrastructure investment funds	5,432,868
Real estate investment funds	11,368,580
Total investments	96,073,122
Accounts receivable	48,142
Due from other governments	606,529
TOTAL ASSETS	98,471,476
LIABILITIES	
Accounts payable	247,906
NET POSITION RESTRICTED FOR PENSIONS	\$ 98,223,570

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Employee Retirement Funds
ADDITIONS	
Contributions	
Employer	\$ 3,249,012
Plan members	547,136
State of Florida	606,529
Total contributions	<u>4,402,677</u>
Investment income	9,213,525
Less investment expense	<u>(272,939)</u>
Net investment income	<u>8,940,586</u>
Miscellaneous revenue	<u>1,815</u>
TOTAL ADDITIONS	<u>13,345,078</u>
DEDUCTIONS	
Benefits and refunds paid	
Retirement payments	6,939,692
Disability payments	196,351
Refunds	84,606
Total benefits and refunds paid	<u>7,220,649</u>
Administrative expenses	
Legal	34,174
Contractual services	224,792
Other	127,004
Total administrative expenses	<u>385,970</u>
TOTAL DEDUCTIONS	<u>7,606,619</u>
CHANGE IN FIDUCIARY NET POSITION	5,738,459
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	<u>92,485,111</u>
End of year	<u><u>\$ 98,223,570</u></u>

See notes to the financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY

Description of the City

The City of Fort Walton Beach, Florida, (the City) was originally chartered as a municipality under laws of the State of Florida Special Act of the Florida Legislature in 1937. The City Manager – Council form of government was established in 1953. As authorized by its charter, the City provides the following services: public safety (police, fire, and inspection), highways and streets, water and sewer, sanitation, stormwater, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the City:

The Reporting Entity

A seven-member City Council and a Mayor govern the City, each elected at-large for four-year terms. The Council has no powers other than those expressly vested in it by State Statute and the City Charter, and their governmental powers cannot be delegated.

As required by U.S. GAAP, these financial statements present the City of Fort Walton Beach (the primary government) and its blended component unit. In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and, as such, be included within the City's financial statements. Management utilized criteria set forth in the GASB literature for determining financial accountability of potential component units in evaluating all potential component units. In accordance with GASB guidance, the City (primary government) is financially accountable if it appoints a voting majority of the potential component unit'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 benefit to or impose specific financial burden on the City. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As of September 30, 2023, the City had one component unit, which has been presented in the financial statements of the primary government using the blended presentation method and is presented as a governmental fund type with a fiscal year end of September 30. The Fort Walton Beach Community Redevelopment Agency (the CRA) was formed in 1977 under the provisions of Chapter 163, Florida Statutes, to prepare a community redevelopment plan for a designated geographic area within the City of Fort Walton Beach, Florida. All the City's council members serve as the CRA's Board of Directors. Therefore, the CRA's governing body is the same as the governing body of the City. The CRA functions as a department of the City. City management has operational and fiscal responsibility for the CRA's activities. The CRA has a separate standalone audit report that can be obtained by contacting the Growth Management Department, City Hall Annex, 105 Miracle Strip Parkway S.W., Fort Walton Beach, Florida 32548 or online at www.fwb.org.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY – CONTINUED

The Reporting Entity – Continued

The Fort Walton Beach Housing Authority (the Authority) is considered a related organization to the City rather than a component unit. The City Council appoints the board members of the Authority. However, the Authority's board operates independently of the City Council and does not create a financial burden or benefit to the City.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the governmental and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. Separate fund financial statements for the fiduciary funds are disclosed within Note 8 of these financial statements.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments and other receivables within the current fiscal period are considered to be susceptible to accrual as revenue of the current period. Sales taxes, gasoline taxes, and other intergovernmental revenues collected and held by the state at year-end on behalf of the City, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Okaloosa County Tax Collector bills and collects property taxes for the City in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1st, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Lien Date	January 1st
Levy Date	November 1st
Due Date	November 1st
Delinquent Date	April 1st

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

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2023 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY – CONTINUED

Basis of Presentation – Continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Any portion of franchise fees that is not based on gross receipts are reported as a charge for service in the function or activity that generates the fee. During fiscal year 2023, franchise fees were all based on gross receipts and thus recorded as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City considers all impact fee revenue as capital contributions for the water and sewer system; therefore, no amount from the impact fees are included in operating revenue. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following three broad classifications are used to categorize the fund types used by the City:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The City has the following major governmental funds:

General Fund – This is the City's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Community Redevelopment Agency Fund – The Community Redevelopment Agency Fund is the operating fund of the Fort Walton Beach Community Redevelopment Agency (the "Agency"). It is used to account for the activities of the Agency. Revenue sources for this fund include tax increment financing proceeds from ad valorem taxes as well as investment income.

Proprietary

Proprietary funds focus on the determination of net income, changes in net position, financial position, and cash flows. All of the City's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the major proprietary funds of the City:

Utilities Fund – Used to account for the operations of the City, which provides distribution of potable water, sales and service and sanitary wastewater collection, treatment and disposal.

Sanitation Fund – Accounts for the operation of the City that provides for solid waste collection and disposal.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY –
CONTINUED**

Basis of Presentation – Continued

Proprietary – Continued

Stormwater Fund – Used to account for the revenues and expenses associated with operating the City's stormwater utility system.

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City has the following type of fiduciary fund:

Pension Trust Funds – Used to report the resources that are required to be held in trust for the members and beneficiaries of the three defined benefit pension plans administered by the City: General Employees' Retirement Fund, Police Officers' Retirement Fund, and Firefighters' Retirement Fund.

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

The City defines cash and cash equivalents as cash held at a depository and cash on hand for operating purposes and those investments which are short term and highly liquid. Generally, those investments have maturities of three (3) months or less from the date of acquisition. The City maintains an equity in pooled cash fund. The City's cash deposits are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes. The City's cash deposits are fully insured by the Public Deposits Trust Fund.

Investments

Investments for the City are reported at fair value (generally based on quoted market prices). Investments are pooled together for investment purposes while each individual fund and/or account is maintained on a daily transaction basis. Investment earnings are distributed in accordance with the participating funds' relative equity. Allowable investments, with the appropriate minimum rating requirements, can consist of certificates of deposit, local government surplus trust fund, intergovernmental investment pool, SEC registered money market funds, United States government securities, repurchase agreements, banker's acceptances, commercial paper, United States government agencies, federal instruments, securitized issues, corporate notes and state or local government taxable or tax-exempt debt.

In addition, the Beal Memorial Cemetery Perpetual Care special revenue fund and the pension trust funds maintain separate investment accounts that are governed by separate investment policies. The Beal Memorial Cemetery investment policy allows for investments in domestic equities, international equities, real estate investment trusts, inflation hedges, fixed income securities, and cash equivalents within allowable ranges, ratings, and consideration of target asset allocations by asset class. The pension trust funds' investment policies allow for investments in domestic and international equities, fixed income securities, mutual funds, exchange-traded funds, commingled funds, money market funds, and value add real estate within allowable ranges, ratings, and considerations of target asset allocations by range; however allowable asset classes, targets, ranges, and benchmarks vary by each individual policy. These investments are also reported at fair value.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY –
CONTINUED**

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance – Continued

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 non-current 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."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable and 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 uncollectible accounts. The allowance is computed by considering 100% of receivables in excess of 90 days, past trends on collections of accounts, and current year account write-offs.

Inventory

Inventory is valued at cost (first-in, first-out). The consumption method is used to account for inventory. Under the consumption method, inventory items are recorded as expenditures during the period the inventory is used. The General Fund inventory balance is considered nonspendable in the fund financial statements to indicate that it is not available for appropriation.

Restricted Assets

Certain resources in the following funds are restricted for specific purposes: in the Debt Service Fund for repayment of long-term debt; in the General Fund for unspent proceeds related to the Capital Improvement Revenue Note, Series 2018 and the Golf Course Irrigation System Revenue Note, 2021; and in the Utilities Fund customer deposits, impact fees, and repayment of Utility System Revenue Refunding Note, Series 2015.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, curbs and sidewalks, drainage systems, lighting systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY –
CONTINUED**

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance – Continued

Capital Assets – Continued

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

Land	All
Buildings and improvements / infrastructure	\$ 10,000
Improvements – other	\$ 10,000
Equipment, vehicles, computers	\$ 1,000
Library books	All

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through various allowable estimating techniques. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their acquisition value on the date of donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until the completion of the project with interest earned on the invested proceeds over the same period.

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

Assets	Years
Buildings	20-50 Years
Improvements other than buildings / system infrastructure	7-40 Years
System infrastructure	20-40 Years
Machinery and equipment	3-10 Years

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY –
CONTINUED**

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance – Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 7 for additional information on the City's deferred outflows of resources.

In addition to liabilities, the statement of financial position will report 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Note 7 for additional information on the City's deferred inflows of resources.

Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused, vacation and sick leave based on the length of service to the City.

All vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. Sick leave is accrued in the government-wide and proprietary fund financial statements based on a ratio of the sum of sick leave paid over the last several years to the total balance of sick leave at the end of each fiscal year. A liability for the amounts of vacation and sick leave is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the governmental activities are primarily paid from the General Fund.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective and straight-line interest methods. Bond issuance costs are expensed as they are incurred. Bonds payable are reported net of the applicable bond premium or discount.

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

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY – CONTINUED

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance – Continued

Other Postemployment Benefits (OPEB) Liability

For the purposes of measuring the total OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the total OPEB liability of the Fort Walton Beach's Retiree Health Care Plan and additions to/deductions from the plan's total OPEB liability have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Typically, OPEB liabilities for governmental activities have been liquidated by the General Fund. See Note 11 for additional information about the City's other postemployment benefit plan.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each plan, and additions to/deductions from the fiduciary net position of each plan have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Administrative costs are financed from each respective fund's investment earnings. Typically, pension liabilities for governmental activities have been liquidated by the General Fund.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	October 1, 2021
Measurement Date (MD)	September 30, 2022
Measurement Period (MP)	October 1, 2021 to September 30, 2022

Classification of Fund Balance

GASB guidance establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are comprised of the following:

Nonspendable – Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, deposits, prepaid items, and advances from other funds.

Restricted – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY –
CONTINUED**

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position or Fund Balance – Continued

Classification of Fund Balance – Continued

Committed – Includes fund balance amounts that can be used only for the specific purposes that are internally imposed by the formal action (an Ordinance) of the government's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action (an Ordinance) that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council has delegated authority to the City Manager and Finance Director in accordance with the City's fund balance policy.

Unassigned – Includes residual positive fund balance within the General Fund which has not been classified within the other aforementioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. The City's formal fund balance policy establishes a targeted minimum reserve balance in the General Fund for committed fund balance equal to 30% of annual budgeted expenditures, which constitutes the City's minimum fund balance policy.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

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.

Estimates

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

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE CITY –
CONTINUED**

Change in Accounting Principle

In 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 enhances the relevance and consistency of information on the government's software subscription activities. In accordance with the new guidance, the City is required to recognize a subscription asset and a subscription liability equal to the present value of subscription payments during the subscription term. These changes were incorporated in the City's 2023 financial statements but had no effect on the beginning fund balances or net position since the carrying amount of subscription assets was equal to the subscription liabilities recorded upon implementation as of October 1, 2022.

Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on total fund balance or net position previously reported.

Subsequent Events

The City has evaluated events and transactions that occurred between September 30, 2023, and March 15, 2024, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted by resolution for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported on and are not included in these financial statements. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is a form of budgetary control to ensure that appropriations are not exceeded. Encumbrances outstanding at year-end are reported as assignments of fund balance in the governmental fund types.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

3. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment management pool in which each major governmental and enterprise fund participates on a dollar equivalent and daily transaction basis. The City's cash and investment management pool includes pooled cash maintained in interest-bearing demand deposit accounts, and pooled investments managed by a financial institution. Interest income (which includes unrealized gains and losses) is distributed monthly based on the average balances.

Deposits

Custodial Credit Risk – It is the City's policy to maintain its deposits only with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow *Qualified Public Depositories* to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All *Qualified Public Depositories* must place with (or in the name of) the Chief Financial Officer of the State of Florida, collateral in the amount of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125 percent of the average daily balance of public deposits greater than capital. In the event of default by a *Qualified Public Depository*, excess losses over insurance and collateral will be recovered through assessments to all *Qualified Public Depositories* of the same type as the depository in default. Under this method, all City deposits, including certificates of deposit, are considered fully insured.

As of September 30, 2023, the value of the City's deposits was \$25,374,566, all of which was held by *Qualified Public Depositories* under Florida Statutes.

Investments

As of September 30, 2023, the City's investments consist of the pooled investments held by each fund to maximize earnings on surplus cash, those held in the various pension trust funds and the Beal Memorial Cemetery Perpetual Care special revenue fund. The types of investments, which can be made by the City, are restricted by state statutes, retirement fund plan documents, and other contractual agreements. A description of the requirements and the types of investments allowed can be found in Note 1.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

As of September 30, 2023, the City held the following investments and related maturities:

	Fair Value	INVESTMENT MATURITIES (YEARS)							
		<1	1-5	5-10	10-15	15-20	20-25	25-30	>30
Investments subject to interest rate risk:									
Corporate debt	\$ 16,229,950	\$ -	\$ 14,234,699	\$ 1,995,251	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal debt	2,110,060	130,125	1,979,935	-	-	-	-	-	-
U.S. Treasury	15,535,668	71,470	9,554,836	3,945,997	-	701,063	1,262,302	-	-
U.S. Government Agencies	1,475,788	198,804	1,276,984	-	-	-	-	-	-
U.S. Government Agency Pools	6,895,765	-	-	19,331	142,376	1,588,629	-	5,145,429	-
	42,247,231	\$ 400,399	\$ 27,046,454	\$ 5,960,579	\$ 142,376	\$ 2,289,692	\$ 1,262,302	\$5,145,429	\$ -
Investments not subject to interest rate risk:									
Money market funds	415,395								
Mutual and exchange-traded funds	68,118,821								
Real estate investment funds	11,368,580								
Infrastructure investment funds	5,432,868								
External investment pools	8,588,345								
Total	\$ 136,171,240								

Interest Rate Risk – The City's investment policy encourages matching investment maturities with known cash needs and anticipated cash flow requirements in order to manage interest rate risk. Investments of current operating funds shall have maturities of no longer than 24 months. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall the investment duration of these funds exceed five years. The investment policies for the pension trust funds do not specifically address interest rate risk.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Credit Rate Risk – State law limits investments of surplus public funds to those investments described on the previous page. The table below outlines the authorized investments of the pension trust funds.

Investment Type	General Employees' Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund
Money Market or short-term investment fund (STIF) options	Minimum rating of A1 by S&P or P1 by Moody's	Limited to obligations backed by full faith & credit of US government	Minimum rating of A1 by S&P or P1 by Moody's
Fixed-income securities	Minimum rating in one of the four highest classifications by a major rating service	Minimum rating of "investment grade" or higher by a major rating service	Minimum rating in one of the four highest classifications by a major rating service ¹

(1) No more than 5% of the total portfolio may be invested in securities that fall below these rating guidelines.

All pension trust funds were in compliance with respective investment policies regarding credit rate risk as of September 30, 2023.

The Moody's rating ranges of the different investment classes held by each respective plan at September 30, 2023, are as follows:

	General Pension Plan	Police Pension Plan	Fire Pension Plan
Corporate debt	A1-A3	A1-A3	A1-A3
U.S. Treasury	Aaa	Aaa	Aaa
U.S. government agency pools	N/A	N/A	N/A

The Beal Memorial Cemetery investment policy does not limit investments to those with specific credit ratings for domestic or international equities. The overall rating of fixed income investments shall be at least investment grade based on the rating of two of the three Nationally Recognized Statistical Rating Organizations (NRSRO).

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Concentration of Credit Risk – The City limits the amount that may be invested in any one issuer based on the type of investment. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

The General Employees' Retirement Fund and the Firefighters' Retirement Fund investment policies limit investment concentration as follows:

- *Equities* – No more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- *Fixed Income* – The value of bonds issued by any single corporation shall not exceed 10% of the Plan's total fair value.
- *Other Limitations* – Investments in corporate common stock and convertible bonds shall not exceed 75% of the Plan's assets at fair value, and foreign securities shall not exceed 25% of the Plan's fair value.

The Police Officers' Retirement Fund investment policy limits investment concentration as follows:

- *Equities* – No more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- *Fixed Income* – The value of bonds issued by any single corporation shall not exceed 3% of the Plan's total fair value.
- *Other Limitations* – Investments in corporate common stock and convertible bonds shall not exceed 70% of the Plan's assets at fair value, and foreign securities shall not exceed 25% of the Plan's fair value.

All pension trust fund plans were in compliance with respective investment policies regarding concentration of credit risk as of September 30, 2023.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Concentration of Credit Risk – Continued

The Beal Memorial Cemetery investment policy limits investment concentrations as follows:

- *Domestic Equities* – No more than 5% of the fair value of the total equity portfolio may be invested in the equity of any one corporation; ownership of the shares of one company shall not exceed 2% of those outstanding and not more than 25% of equity at fair value may be held in any one sector.
- *International Equities* – No more than 5% of the fair value of the total equity portfolio may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 2% of those outstanding and not more than 25% of equity at fair value may be held in any one sector.
- *Fixed Income Investments* – Securities of any one issuer shall not exceed 5% of a total bond portfolio at time of purchase.

Investments in Entities That Calculate Net Asset Value (NAV) per Share

The fair values of investments in real estate funds and external investment pools held by the pension trust funds are based on the investments' NAV per share, as provided by the investee.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate funds	\$ 11,368,580	None	Quarterly	0 - 90 days
Infrastructure funds	5,432,868	None	Quarterly	0 - 90 days

The real estate funds consist of three open-ended commingled funds that invest in office, industrial, retail, and multi-family real estate assets throughout the United States. Although the funds are private investments, they can be redeemed on a quarterly basis, subject to available liquidity.

The infrastructure funds consist of three open-ended funds that invest in long-duration core infrastructure assets throughout North America, Europe, and Australia. Although the funds are private investments, they can be redeemed on a quarterly basis, subject to available liquidity.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

4. FAIR VALUE OF INVESTMENTS

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follow:

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

The following table presents the investments carried at fair value on September 30, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 415,395	\$ -	\$ 415,395	\$ -
Debt securities				
U.S. Treasury bonds	15,535,668	15,535,668	-	-
U.S. Government Agency obligations	1,475,788	-	1,475,788	-
U.S. Government Agency collateralized mortgage obligations (CMO's)	6,895,765	-	6,895,765	-
Corporate bonds	16,229,950	-	16,229,950	-
Municipal bonds	2,110,060	-	2,110,060	-
Total debt securities	<u>42,247,231</u>	<u>15,535,668</u>	<u>26,711,563</u>	<u>-</u>
Equity securities				
Mutual funds and exchange-traded funds	68,118,821	415,395	67,703,426	-
Total equity securities	<u>68,118,821</u>	<u>415,395</u>	<u>67,703,426</u>	<u>-</u>
* Infrastructure investment funds	5,432,868	-	-	-
* Real estate investment funds	11,368,580	-	-	-
Total investments measured at fair value	127,582,895	<u>\$ 15,951,063</u>	<u>\$ 94,830,384</u>	<u>\$ -</u>
Total investments measured at amortized cost	<u>8,588,345</u>			
Total investments at September 30, 2023	<u>\$ 136,171,240</u>			

* In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy.

Money market funds, debt securities, and equity securities classified in Level 2 are determined by broker quotes that utilize matrix pricing models and other observable market inputs.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

5. RECEIVABLES

Receivables on September 30, 2023, were as follows:

	Governmental Activities		Business-Type Activities			Total
	General	Other Govt Funds	Utilities	Sanitation	Stormwater	
Taxes	\$ 30,934	\$ -	\$ -	\$ -	\$ -	\$ 30,934
Accounts	154,429	-	1,022,420	356,797	78,536	1,612,182
Less allowance for doubtful accounts	-	-	(146,154)	(41,507)	(10,041)	(197,702)
Assessments	32,217	-	2,358	-	-	34,575
Notes	478,517	-	-	-	-	478,517
Leases receivable	4,042,776	-	84,246	-	-	4,127,022
Other	-	30	3,827	-	-	3,857
Total receivables, net	<u>\$ 4,738,873</u>	<u>\$ 30</u>	<u>\$ 966,697</u>	<u>\$ 315,290</u>	<u>\$ 68,495</u>	<u>\$ 6,089,385</u>

During fiscal year 2015, the City sold a building for \$462,000 and will receive \$442,000 of the proceeds over twelve years (\$2,917 monthly payments started November 2014). This note receivable bears interest at 5% per year and includes a balloon payment of \$250,065 due to the City in October 2026. The balance of this note receivable is \$310,117 as of September 30, 2023.

During fiscal year 2014, the City sold a recreational center for \$425,000 and will receive the proceeds over twelve years (\$3,000 monthly principal only payments started October 2015). The City has calculated imputed interest on the receivable, but it has not been recorded as the imputed amount was deemed to be immaterial to the financial statements. The balance of this note receivable is \$128,000 as of September 30, 2023.

During fiscal year 2023, the City sold a building for \$165,400 and received \$125,000 from the buyer at closing. The remaining balance of \$40,400 is due in January 2030. The promissory note gives the buyer the option to make specified in-kind building improvements to satisfy the note in lieu of repayment. The balance of the note receivable is \$40,400, as of September 30, 2023.

Since these receivables will be collected outside the periods of availability, they are reflected in the General Fund's balance sheet as unavailable revenues as of September 30, 2023.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

5. RECEIVABLES – CONTINUED

Leases Receivable

The City leases real property to various unrelated parties. The real property is used by the lessees for the following purposes: retail business space, office space, parking lots, cellular and radio communications towers, a restaurant, a fitness center, an art gallery, and an elementary school. Under the provisions of GASB Statement No. 87, the City is a lessor under 13 real property leases.

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term, including options reasonably certain to be exercised. The lease terms range from 2 to 69 years, and the discount rate used to calculate the present value of the lease payments range from 2.50% to 6.50%. In circumstances in which the rate implicit in the lease cannot be determined, the City uses a discount rate of 5.13%, which is the City's estimated incremental borrowing rate for real property. The total amount of inflows of resources recognized and reflected in the financial statements were as follows:

	General Fund	Utilities Fund	Total
Lease revenue	\$ 149,247	\$ 16,880	\$ 166,127
Interest	190,299	5,759	196,058
Total inflows of resources - leases	<u>\$ 339,546</u>	<u>\$ 22,639</u>	<u>\$ 362,185</u>

Due from Other Governments

As of September 30, 2023, the City's receivables from other governments for governmental activities were \$2,174,091. Amounts due from other governments for governmental activities consists primarily of amounts due from federal and state grant funding agencies for eligible grant expenditures incurred prior to September 30, 2023.

As of September 30, 2023, the City's receivables from other governments for business-type activities were \$110,746, which is consists entirely of amounts due from the Florida Department of Environmental Protection for eligible grant expenses incurred prior to September 30, 2023.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

6. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments/ Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets not being depreciated/amortized					
Land	\$ 11,131,840	\$ 171,298	\$ -	\$ -	\$ 11,303,138
Construction in progress	231,143	3,105,316	-	(379,097)	2,957,362
Total capital assets not being depreciated/amortized	<u>11,362,983</u>	<u>3,276,614</u>	<u>-</u>	<u>(379,097)</u>	<u>14,260,500</u>
Capital assets being depreciated/amortized					
Buildings	36,561,098	130,439	(218,663)	-	36,472,874
Improvements other than buildings ⁽¹⁾	36,013,086	611,226	(50,678)	336,449	36,910,083
Software	574,366	-	-	-	574,366
Machinery and equipment	16,150,984	714,443	(76,111)	(60,544)	16,728,772
Financed equipment	1,108,124	304,825	-	51,205	1,464,154
Right-of-use assets	797,949	-	-	-	797,949
Subscription assets ⁽²⁾	1,281,392	981,404	-	-	2,262,796
Total capital assets being depreciated/amortized	<u>92,486,999</u>	<u>2,742,337</u>	<u>(345,452)</u>	<u>327,110</u>	<u>95,210,994</u>
Less accumulated depreciation/amortization					
Buildings	(15,085,120)	(1,083,936)	218,663	-	(15,950,393)
Improvements other than buildings ⁽¹⁾	(25,419,425)	(977,240)	50,678	42,648	(26,303,339)
Software	(571,615)	(210)	-	-	(571,825)
Machinery and equipment	(11,551,491)	(1,284,970)	41,001	9,339	(12,786,121)
Right-of-use assets	(419,900)	(195,507)	-	-	(615,407)
Subscription assets	-	(427,805)	-	-	(427,805)
Total accumulated depreciation/amortization	<u>(53,047,551)</u>	<u>(3,969,668)</u>	<u>310,342</u>	<u>51,987</u>	<u>(56,654,890)</u>
Total capital assets being depreciated/amortized, net	<u>39,439,448</u>	<u>(1,227,331)</u>	<u>(35,110)</u>	<u>379,097</u>	<u>38,556,104</u>
Governmental activities, net	<u>\$ 50,802,431</u>	<u>\$ 2,049,283</u>	<u>\$ (35,110)</u>	<u>\$ -</u>	<u>\$ 52,816,604</u>

⁽¹⁾ Includes infrastructure assets

⁽²⁾ Beginning balances were the result of implementing GASB Statement No. 96 as of October 1, 2022. These subscription assets were offset by a related subscription liability associated with them. See Note 14 for further details.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

6. CHANGES IN CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments/ Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets not being depreciated/amortized					
Land	\$ 709,678	\$ -	\$ -	\$ -	\$ 709,678
Construction in progress	22,113	1,031,797	-	-	1,053,910
Easements	39,742	-	-	-	39,742
Total capital assets not being depreciated/amortized	<u>771,533</u>	<u>1,031,797</u>	<u>-</u>	<u>-</u>	<u>1,803,330</u>
Capital assets being depreciated/amortized					
Buildings	183,322	-	-	-	183,322
Improvements other than buildings	51,530,151	1,749,855	-	-	53,280,006
Software	120,031	-	-	-	120,031
Machinery and equipment	11,378,277	604,451	(1,200)	-	11,981,528
Right-of-use assets	222,484	35,644	-	-	258,128
Total capital assets being depreciated/amortized	<u>63,434,265</u>	<u>2,389,950</u>	<u>(1,200)</u>	<u>-</u>	<u>65,823,015</u>
Less accumulated depreciation/amortization					
Buildings	(109,835)	(4,120)	-	-	(113,955)
Improvements other than buildings	(25,255,577)	(1,701,612)	-	-	(26,957,189)
Software	(107,799)	(8,140)	-	-	(115,939)
Machinery and equipment	(8,525,792)	(762,466)	1,200	-	(9,287,058)
Right-of-use assets	(34,401)	(62,654)	-	-	(97,055)
Total accumulated depreciation/amortization	<u>(34,033,404)</u>	<u>(2,538,992)</u>	<u>1,200</u>	<u>-</u>	<u>(36,571,196)</u>
Total capital assets being depreciated/amortized, net	<u>29,400,861</u>	<u>(149,042)</u>	<u>-</u>	<u>-</u>	<u>29,251,819</u>
Business-type activities, net	<u>\$ 30,172,394</u>	<u>\$ 882,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,055,149</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

6. CHANGES IN CAPITAL ASSETS – CONTINUED

Amortization of equipment under financing contracts and right-of-use assets is included with depreciation expense in the financial statements. Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Depreciation/Amortization Expense

Governmental activities

General government	\$ 831,196
Public safety	1,155,774
Physical environment	57,332
Transportation	443,777
Economic environment	190,341
Culture and recreation	<u>1,291,248</u>
Total depreciation/amortization expense – governmental activities	<u><u>\$ 3,969,668</u></u>

Business-type activities

Utilities Fund	\$ 1,817,841
Sanitation Fund	274,030
Stormwater Fund	<u>447,121</u>
Total depreciation/amortization expense – business-type activities	<u><u>\$ 2,538,992</u></u>

Construction Commitments

In February 2023, the City engaged a construction contractor to perform the Fort Walton Beach Landing Phase I improvements for a total price of \$2,279,137. The project costs are being funded from several sources including a grant from the Florida Department of Environmental Protection, tourist development tax proceeds, discretionary sales surtax proceeds, and tax increment revenues of the Fort Walton Beach Community Redevelopment Agency. As of September 30, 2023, the City has incurred total contract costs of \$862,798, which includes unbilled retainage of \$43,140.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

As of September 30, 2023, the City had various components of deferred outflows of resources and deferred inflows of resources as follows:

Governmental activities:

	General Fund	Governmental Activities
Deferred outflows		
City pension contributions made subsequent to the measurement date	\$ -	\$ 3,651,356
Net difference between projected and actual earnings on pension plan investments	-	6,603,223
Differences between expected and actual experience on pension plan actuarial assumptions	-	1,186,549
Changes in assumptions related to pension plan	-	1,040,057
City OPEB contributions made subsequent to the measurement date		176,888
Changes in assumptions related to OPEB plan	-	911,017
Total deferred outflows	<u>\$ -</u>	<u>\$ 13,569,090</u>
Deferred inflows		
Differences between expected and actual experience on pension plan actuarial assumptions	\$ -	\$ 249,989
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in assumptions related to pension plan	-	-
Differences between expected and actual experience on OPEB plan actuarial assumptions	-	1,244,275
Changes in assumptions related to OPEB plan		1,298,723
Lease contracts	4,042,776	4,042,776
Unavailable revenue - special assessments	32,217	-
Unavailable revenue - long-term receivable from sale of buildings	478,517	-
Total deferred inflows	<u>\$ 4,553,510</u>	<u>\$ 6,835,763</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES – CONTINUED

Business-type activities:

	<u>Utilities Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Business-Type Activities</u>
Deferred outflows				
City pension contributions made subsequent to the measurement date	\$ 68,014	\$ 51,981	\$ 7,463	\$ 127,458
Deferred loss on refunding	54,727	-	-	54,727
City OPEB contributions made subsequent to the measurement date	24,584	16,374	6,460	47,418
Changes in assumptions related to OPEB plan	126,633	84,341	33,250	244,224
Total deferred outflows	<u>\$ 1,554,367</u>	<u>\$ 842,239</u>	<u>\$ 266,519</u>	<u>\$ 2,663,125</u>
Deferred inflows				
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ -	\$ -	\$ -
Changes in assumptions related to OPEB plan	180,498	120,223	47,430	348,151
Differences between expected and actual experience on OPEB plan actuarial assumptions	172,931	115,182	45,441	333,554
Lease contracts	84,246	-	-	84,246
Total deferred inflows	<u>\$ 437,675</u>	<u>\$ 235,405</u>	<u>\$ 92,871</u>	<u>\$ 765,951</u>

8. DEFINED BENEFIT PENSION PLANS

The City of Fort Walton Beach, Florida sponsors three single employer defined benefit pension plans: the General Employees' Retirement Fund (GERF), the Police Officers' Retirement Fund (PORF) and the Firefighters' Retirement Fund (FRF). These plans provide benefits for all qualifying employees of the City. The financial activity of each plan is reported as a Pension Trust Fund in the City of Fort Walton Beach, Florida's internal combined financial statements and can be found under subheading "Fund Financial Statements" of this note. There is no separate report available for the individual pension plans.

Plan Description – General Employees' Retirement Fund (GERF)

Plan Administration

The authority and responsibility for the establishment, amendment and administration of this Plan is vested in the City Council, and the Members thereof shall be designated as trustees of the fund. The trustees are authorized to adopt reasonable rules and regulations for the administration of the fund created by this Plan.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Plan Description – General Employees’ Retirement Fund (GERF) – Continued

Plan Administration – Continued

The Plan is a single employer defined benefit pension plan administered by the City’s Finance Director. The Finance Director shall administer this Plan for the trustees and participants, subject at all times to the limitations and conditions specified in or imposed by provisions of this Plan and the rules and regulations adopted by the City Council. The trustees and the plan administrator shall serve without additional compensation beyond that already provided by the City for their respective duties.

Plan membership consists of all full-time City employees including the City Manager, Finance Director, and the Chief of Police, if they elect to participate, but not including City Council Members, police officers other than the Chief of Police, and firefighters. Effective January 1, 2010, the plan is closed to new entrants.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Current Receiving Benefits	174
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	38
Active Plan Members	<u>50</u>
	<u><u>262</u></u>

Benefits Provided

The plan provides retirement, termination, disability and death benefits. A member may retire at age 52 with 10 years of credited service (early retirement) or at age 62 and 10 years of credited service (normal retirement). Benefits become 100% vested upon completion of 10 years of credited service. For the City Manager, Finance Director, or Department Heads, including the Chief of Police, the Member becomes vested at 20% per year, except that credited service other than that as a Charter Officer or Department Head will accrue at a rate of 10% per year. Retirement benefits are a percentage (2.75% or 2.50%) of final average earnings times the years of credited service with maximum of 75% or 100% of current compensation depending on vested status at April 5, 1999. Benefits are reduced by 3% for each year by which the early retirement date precedes the age of 62. Varied benefits exist for service and non-service-connected disabilities as well as death in the line of duty or other pre-retirement death. In accordance with the annual increase in CPI-U as measured in December, all retirees are entitled to an adjustment payable each April 1, subject to a minimum of 0% and a maximum of 3%. The adjustment does not apply to members who retire following a vested terminated status or disability retirees.

Funding Policy and Contributions

Contributions to the Plan are established based on an actuarially determined rate recommended by an independent actuary. For the year ended September 30, 2023, the participants’ contribution rate was 5.0%. The City is required to contribute the remaining amount necessary to fund the normal cost and amortize the unfunded actuarial accrued liability over not more than 15 years. For the year ended September 30, 2023, the City was required to contribute \$289,455.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability (Asset) – GERP

The measurement date is September 30, 2022. The measurement period for the pension expense was October 1, 2021 to September 30, 2022. The reporting period is October 1, 2022 through September 30, 2023. The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Age-Based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality rates for healthy lives were obtained from the PubG.H-2010 table and were projected generationally with Scale MP-2018 with the following adjustments:

Males – (Below Median) for Employees and Healthy Retirees set back one-year

Females – Employees and Healthy Retirees

Mortality rates for disabled lives were obtained from the PubG.H-2010 table and were projected generationally with Scale MP-2018 with the following adjustments:

Males – Disabled Retirees with three-year set forward

Females – Disabled Retirees with three-year set forward

The above mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This mandate requires the use of assumptions used by the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021, FRS valuation report for non-special risk employees, with appropriate adjustments made based on plan demographics.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2022, the inflation rate assumption of the investment advisor was 2.50%.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability (Asset) – GERP – Continued

Actuarial Assumptions – Continued

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	52.50%	7.50%
International equity	10.00%	8.50%
Broad market fixed income	17.50%	2.50%
Fixed income (non-core)	2.50%	2.50%
Global fixed income	2.50%	3.50%
Real estate	10.00%	4.50%
Infrastructure	5.00%	4.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Change in Net Pension Liability (Asset) – GERP

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at September 30, 2022 (Valuation Date of 10/01/2021)	\$ 54,173,531	\$ 59,999,067	\$ (5,825,536)
Changes:			
Service cost	311,634	-	311,634
Interest	3,695,597	-	3,695,597
Differences between expected and actual experience	(614,717)	-	(614,717)
Contributions – employer	-	580,847	(580,847)
Contributions – employee	-	128,595	(128,595)
Net investment income	-	(8,789,933)	8,789,933
Benefit payments, including refunds of employee contributions	(3,381,848)	(3,381,848)	-
Administrative expenses	-	(41,837)	41,837
Net changes	10,666	(11,504,176)	11,514,842
Balances at September 30, 2023 (Measurement Date of 9/30/2022)	<u>\$ 54,184,197</u>	<u>\$ 48,494,891</u>	<u>\$ 5,689,306</u>

As of the measurement date, the Plan's fiduciary net position as a percentage of the total pension liability was 89.50%.

Sensitivity of the Net Pension Liability to changes in the Discount Rate

	1% Decrease	Current Discount	1% Increase
	6.00%	Rate	8.00%
		7.00%	
Sponsor's net pension liability	\$ 11,233,811	\$ 5,689,306	\$ 983,414

Pension Plan Fiduciary Net Position

Detailed information about the pension Plan's fiduciary net position is available in a separately issued Plan financial report. A separate audited financial report of the Plan is not available.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – GERP

For the year ended September 30, 2023, the City recognized a pension expense of \$190,178. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	\$ 314,371	\$ -
Net difference between projected and actual earnings on pension plan investments	5,944,333	-
Total	<u>\$ 6,258,704</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions of \$314,371 resulting from the City's contributions subsequent to the measurement date will be recognized as a change in the net pension asset for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2024	\$ 1,297,551
2025	908,098
2026	1,159,710
2027	2,578,974
	<u>\$ 5,944,333</u>

Plan Description – Police Officers' Retirement Fund (PORF)

Plan Administration

The Police Officers' Retirement Board of Trustees (Police Board) is designated as the plan administrator. The Police Board shall consist of five Trustees, two of whom, unless otherwise prohibited by law, shall be legal residents of the City, who shall be appointed by the City Council, and two of whom shall be Members of the System, who shall be elected by a majority of the Police Officers who are Members of the System. The fifth Trustee shall be chosen by a majority of the previous four Trustees as provided for herein, and such person's name shall be submitted to the City Council who shall, as a ministerial duty, appoint such person to the Police Board as its fifth Trustee.

Each person employed by the City's police department as a full-time police officer becomes a member of the Plan as a condition of his employment. All police officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Plan Description – PORF – Continued

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	48
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	17
Active Plan Members	49
	114

Benefits Provided

The plan provides retirement, termination, disability and death benefits. A member may retire at age 50 with 10 years of credited service or completion of 25 years of credited service (early retirement) or at age 55 or the completion of 30 years of credited service (normal retirement). Members hired between ages 45 and 50 must work 10 years. Benefits become 100% vested upon completion of 10 years of credited service. The plan provides retirement benefits in the amount of 2.75% of average final compensation times credited service. Benefits are reduced 6% for each year prior to the age of 55. Varied benefits exist for disability and pre-retirement death. Each April 1 the benefit paid to service retirees is adjusted in accordance with the CPI increase during the previous year not to exceed 3%.

Contributions

Contributions to the Plan are established based on an actuarially determined rate recommended by an independent actuary. For the year ended September 30, 2023, the participants' contribution rate was 5.0% of payroll until a 75% maximum accrual is attained and then 0.5% thereafter. The State of Florida is required to contribute 7.4% of payroll and the City is required to contribute the difference between the actuarially determined rate and the contribution rate of the participants and the State of Florida. For the year ended September 30, 2023, the City was required to contribute 39.2% of payroll.

Net Pension Liability – PORF

The measurement date is September 30, 2022. The measurement period for the pension expense was October 1, 2021 to September 30, 2022. The reporting period is October 1, 2022 through September 30, 2023. The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	7.00%
Investment rate of return	7.00%

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability – PORF – Continued

Actuarial Assumptions – Continued

Mortality rates for healthy lives were obtained from the PubS.H-2010 table and were projected generationally with Scale MP-2018 with the following adjustments:

Males – (Below Median) for Employees and Healthy Retirees set forward one-year

Females – (Below Median) for Employees and Healthy Retirees set forward one-year

Mortality rates for disabled lives were obtained from the PubH-2010 table and were projected generationally with Scale MP-2018 with the following adjustments:

Males – 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Females – 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

The above mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This mandate requires the use of assumptions used by the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021, FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The other significant actuarial assumptions used in the October 1, 2021, valuation were based on the results of an actuarial experience study dated June 4, 2018. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2022, the inflation rate assumption of the investment advisor was 2.50%.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	45.00%	7.50%
International equity	15.00%	8.50%
Broad market fixed income	20.00%	2.50%
Fixed income (non-core)	2.50%	2.50%
Global fixed income	2.50%	3.50%
Real estate	10.00%	4.50%
Infrastructure	5.00%	4.50%
Total	100.00%	

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability – PORF – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability – PORF

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at September 30, 2022 (Valuation Date of 10/01/2021)	\$ 32,111,029	\$ 27,679,005	\$ 4,432,024
Changes:			
Service cost	748,564	-	748,564
Interest	2,230,909	-	2,230,909
Differences between expected and actual experience	(262,825)	-	(262,825)
Contributions – employer	-	1,314,250	(1,314,250)
Contributions – state	-	236,730	(236,730)
Contributions – employee	-	151,799	(151,799)
Net investment income	-	(3,684,483)	3,684,483
Benefit payments, including refunds of employee contributions	(1,978,930)	(1,978,930)	-
Administrative expenses	-	(63,679)	63,679
Net changes	737,718	(4,024,313)	4,762,031
Balances at September 30, 2023 (Measurement Date of 9/30/2022)	\$ 32,848,747	\$ 23,654,692	\$ 9,194,055

As of the measurement date, the Plan's fiduciary net position as a percentage of the total pension liability was 72.01%.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Changes in Net Pension Liability – PORF – Continued

Sensitivity of the Net Pension Liability to changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's net pension liability	\$ 13,204,788	\$ 9,194,055	\$ 5,876,756

Pension Plan Fiduciary Net Position

Detailed information about the pension Plan's fiduciary net position is available in a separately issued Plan financial report. A separate audited financial report of the Plan is not available.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – PORF

For the year ended September 30, 2023, the City recognized pension expense of \$1,929,847. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City and State contributions subsequent to measurement date	\$ 1,694,073	\$ -
Net difference between projected and actual earnings on pension plan investments	2,683,331	-
Changes of assumptions	352,852	-
Differences between expected and actual experience	238,474	249,989
Total	<u>\$ 4,968,730</u>	<u>\$ 249,989</u>

Deferred outflows of resources related to pensions of \$1,694,073 resulting from the City's and State's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2024	\$ 738,976
2025	671,043
2026	492,625
2027	<u>1,122,024</u>
	<u>\$ 3,024,668</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Plan Description – Firefighters’ Retirement Fund (FRF)

Plan Administration

The Plan is administered by the Firefighters’ Retirement Board of Trustees (Fire Board) comprised of:

- a. Two members of the fund elected by a majority of the membership,
- b. Two City residents appointed by the City Council,
- c. Fifth member elected by other four and appointed by City Council as a ministerial duty.

Each person employed by the City’s fire department as a full-time firefighter becomes a member of the plan as a condition of this employment. All firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	29
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	10
Active Plan Members	43
	<hr/>
	82

Benefits Provided

The plan provides retirement, disability and death benefits. A member may retire at age 45 with 10 years of credited service (early retirement) or at age 55 and 10 years of credited service or 25 years of credited service regardless of age (normal retirement). Benefits become 100% vested upon completion of 10 years of credit service. The plan provides a retirement benefit which is 3.25% of average final compensation times credited service with maximum of 100% of current compensation. Benefits are reduced 0.25% for each month prior to the normal retirement date. Varied benefits exist for disability and pre-retirement death. Benefits for service retirees are adjusted for a 3% cost of living increase on the January 1 following the later of age 58 or the date of retirement.

Contributions

Contributions to the Plan are established based on an actuarially determined rate recommended by an independent actuary. For the year ended September 30, 2023, the participants’ contribution rate was 8.0% of payroll. The State of Florida is required to contribute 7.8% of payroll and the City is required to contribute the difference between the actuarially determined rate and the contribution rate of the participants and the State of Florida. For the year ended September 30, 2023, the City was required to contribute 44.3% of payroll.

Net Pension Liability – FRF

The measurement date is September 30, 2022. The measurement period for the pension expense was October 1, 2021 to September 30, 2022. The reporting period is October 1, 2022 through September 30, 2023. The City’s net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined as of that date.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability – FRF – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021, updated to September 30, 2022, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	7.00%
Investment rate of return	7.00%

Mortality rates for healthy lives were obtained from the PubS.H-2010 table and were projected generationally with Scale MP-2018 with the following adjustments:

Males – (Below Median) for Employees and Healthy Retirees set forward one-year

Females – (Below Median) for Employees and Healthy Retirees set forward one-year

Mortality rates for disabled lives were obtained from the PubH-2010 table and were projected generationally with Scale MP-2018 with the following adjustments:

Males – 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Females – 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

The above mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This mandate requires the use of assumptions used by the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021, FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The most recent actuarial experience study used to review the other significant assumptions was dated June 8, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2022, the inflation rate assumption of the investment advisor was 2.50%.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability – FRF – Continued

Actuarial Assumptions – Continued

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	47.50%	7.50%
International equity	15.00%	8.50%
Broad market fixed income	17.50%	2.50%
Fixed income (non-core)	2.50%	2.50%
Global fixed income	2.50%	3.50%
Real estate	10.00%	4.50%
Infrastructure	5.00%	4.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Changes in Net Pension Liability – FRF

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at September 30, 2022 (Valuation Date of 10/01/2021)	\$ 31,894,238	\$ 23,759,893	\$ 8,134,345
Changes:			
Service cost	768,244	-	768,244
Interest	2,229,203	-	2,229,203
Changes of assumptions	103,378	-	103,378
Differences between expected and actual experience	790,469	-	790,469
Contributions – employer	-	1,390,710	(1,390,710)
Contributions – state	-	256,006	(256,006)
Contributions – employee	-	233,380	(233,380)
Contributions – buy back	22,695	22,695	-
Net investment income	-	(3,520,580)	3,520,580
Benefit payments, including refunds of employee contributions	(1,633,458)	(1,633,458)	-
Administrative expenses	-	(64,300)	64,300
Net changes	2,280,531	(3,315,547)	5,596,078
Balances at September 30, 2023 (Measurement Date of 9/30/2022)	<u>\$ 34,174,769</u>	<u>\$ 20,444,346</u>	<u>\$ 13,730,423</u>

As of the measurement date, the Plan's fiduciary net position as a percentage of the total pension liability was 59.82%.

Sensitivity of the Net Pension Liability to changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's net pension liability	\$ 18,367,045	\$ 13,730,423	\$ 9,948,539

Pension Plan Fiduciary Net Position

Detailed information about the pension Plan's fiduciary net position is available in a separately issued Plan financial report. A separate audited financial report of the Plan is not available.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – FRF

For the year ended September 30, 2023, the City recognized a pension expense of \$2,543,368. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City and State contributions subsequent to measurement date	\$ 1,770,370	\$ -
Net difference between projected and actual earnings on pension plan investments	2,579,857	-
Changes of assumptions	687,205	-
Differences between expected and actual experience	948,075	-
Total	<u>\$ 5,985,507</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions of \$1,770,370 resulting from the City's and State's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2024	\$ 1,205,690
2025	834,471
2026	958,016
2027	<u>1,216,960</u>
	<u>\$ 4,215,137</u>

Pension Expense

For the fiscal year ended September 30, 2023, the City recognized an aggregate pension expense of \$4,663,393 on all defined benefit pension plans.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Fund Financial Statements

The following are the financial statements for the individual pension trust funds (GERF, PORF and FRF) for the year ended September 30, 2023:

COMBINING STATEMENT OF PLAN NET POSITION

	Employee Retirement Funds			Total Employee Retirement Funds
	General Employees' Retirement	Police Officers' Retirement	Firefighters' Retirement	
ASSETS				
Cash and cash equivalents	\$ 590,890	\$ 651,833	\$ 500,960	\$ 1,743,683
Accounts receivable	-	21,371	26,771	48,142
Due from other governments	-	267,370	339,159	606,529
Investments, at market				
U.S. Government and Agency obligations	6,034,086	4,173,378	2,597,663	12,805,127
Corporate obligations	897,877	648,034	449,340	1,995,251
Mutual and exchange-traded funds	33,324,603	15,971,960	15,174,733	64,471,296
Infrastructure investment funds	2,629,542	1,456,186	1,347,140	5,432,868
Real estate investment funds	6,015,136	2,829,203	2,524,241	11,368,580
Total investments, at market	48,901,244	25,078,761	22,093,117	96,073,122
TOTAL ASSETS	49,492,134	26,019,335	22,960,007	98,471,476
LIABILITIES				
Accounts payable	59,124	82,153	106,629	247,906
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 49,433,010</u>	<u>\$ 25,937,182</u>	<u>\$ 22,853,378</u>	<u>\$ 98,223,570</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Fund Financial Statements – Continued

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION

	Employee Retirement Funds			Total Employee Retirement Funds
	General Employees' Retirement	Police Officers' Retirement	Firefighters' Retirement	
ADDITIONS				
Contributions				
Employer	\$ 391,098	\$ 1,426,703	\$ 1,431,211	\$ 3,249,012
Plan members	107,036	176,335	263,765	547,136
State of Florida	-	267,370	339,159	606,529
Total contributions	498,134	1,870,408	2,034,135	4,402,677
Investment income	4,341,624	2,646,705	2,225,196	9,213,525
Less investment expense	(180,286)	(54,998)	(37,655)	(272,939)
Net investment income	4,161,338	2,591,707	2,187,541	8,940,586
Miscellaneous revenue	1,812	-	3	1,815
TOTAL ADDITIONS	4,661,284	4,462,115	4,221,679	13,345,078
DEDUCTIONS				
Benefits and refunds paid				
Retirement payments	3,490,231	1,832,226	1,617,235	6,939,692
Disability payments	33,583	156,874	5,894	196,351
Other	-	36,882	47,724	84,606
Total benefits and refunds paid	3,523,814	2,025,982	1,670,853	7,220,649
Administrative expenses				
Legal	9,110	12,392	12,672	34,174
Contractual	72,311	76,560	75,921	224,792
Other	40,669	50,852	35,483	127,004
Total administrative expenses	122,090	139,804	124,076	385,970
TOTAL DEDUCTIONS	3,645,904	2,165,786	1,794,929	7,606,619
INCREASE IN PLAN NET POSITION	1,015,380	2,296,329	2,426,750	5,738,459
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	48,417,630	23,640,853	20,426,628	92,485,111
End of year	<u>\$ 49,433,010</u>	<u>\$ 25,937,182</u>	<u>\$ 22,853,378</u>	<u>\$ 98,223,570</u>

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

9. DEFINED CONTRIBUTION PENSION PLAN

City of Fort Walton Beach Defined Contribution Plan

In December 2009, City Council closed the General Employees' Defined Benefit Plan. All general, full-time employees hired on or after January 1, 2010, are members of the Defined Contribution Retirement Plan (the Plan). The Plan is a money purchase defined contribution retirement plan administered by ICMA Retirement Corporation and Mission Square Retirement, with the City serving as trustee. All funds are held in the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust in the name of each participant. The City finance director serves as the coordinator for the Plan. The Plan requires a 5% payroll contribution by the employee with a 5% employer (City) match. Employees can increase their contribution; however, only an additional 2½% is eligible for City match. Members of the General Employees' Defined Benefit Pension Plan, who were not fully or partially vested at the time the Plan was opened, were permitted to transfer their contributions to the Plan as a one-time, irrevocable election. The Plan participants individually select and make changes in funding options, which are made available by the independent plan administrator. Since participants select the investment fund or funds in which their deferred compensation accounts are invested, the city has no liability for investment losses.

The authority for establishing and amending the Plan's provisions lies with the City Council. The City Council also has the authority for amending contribution requirements. Contributions made to the Plan by the employees and by the City were \$345,081 and \$345,081, respectively, for the fiscal year ending September 30, 2023. The City's contributions vest 20% each year beginning after one year of employment. Participants are fully vested after 5 years of service.

10. DEFERRED COMPENSATION PLAN

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the Plan). 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 employees' benefit. The Plan participants individually select and make changes in funding options, which are made available by the independent plan administrator. Since 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.

Assets of the Plan have a fair value of \$2,553,000 on September 30, 2023. Contributions made by Plan members during the fiscal year ended September 30, 2023, were \$156,667.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

11. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Fort Walton Beach's Retiree Health Care Plan (the Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City's retirement plans to continue medical, dental, and life insurance coverage as a participant in the City's plan.

Plan Membership as of September 30, 2022:

Inactive Plan Members or Beneficiaries Current Receiving Benefits	117
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>262</u>
	<u>379</u>

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits.

Contributions

Retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums.

Total OPEB Liability

The City's total OPEB liability was measured as of September 30, 2022. The total OPEB liability was determined by an actuarial valuation. The measurement period for OPEB expense was October 1, 2021 to September 30, 2022. The reporting period is October 1, 2022 to September 30, 2023.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service based
Discount Rate	4.77%
Initial Trend Rate	7.25%
Ultimate Trend Rate	4.00%
Years to Ultimate	52

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

11. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Total OPEB Liability – Continued

Actuarial Assumptions – Continued

For general employees, mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. For female lives, the headcount-weighted PubG-2010 female employee table was used. For male lives, the headcount-weighted PubG-2010 male below median income employee table, set back one year, was used. For disabled female lives, 100% of the Disabled Female table was used, set forward three years. For disabled male lives, 100% of the Disabled Male table was used, set forward three years.

For police and fire employees, mortality rates were also based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. For both males and females, the PubS.H-2010 below median income employee table, set forward one year, was used. For both disabled males and females, the 80% PubG.H-2010 and 20%PubS.H-2010 for Disabled Retirees was used.

Discount Rate

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's "Aa2" rating and S&P's "AA" rating.

Change in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) – (b)
Balances at September 30, 2022	\$ 7,000,692	\$ -	\$ 7,000,692
Changes for the year:			
Service cost	399,330	-	399,330
Interest	176,997	-	176,997
Differences between expected and actual experience	(978,450)	-	(978,450)
Changes of assumptions	(1,661,244)	-	(1,661,244)
Contributions – employer	-	236,797	(236,797)
Benefit payments	(233,797)	(233,797)	-
Administrative expense	-	(3,000)	3,000
Net changes	(2,297,164)	-	(2,297,164)
Reporting period ending September 30, 2023	<u>\$ 4,703,528</u>	<u>\$ -</u>	<u>\$ 4,703,528</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

11. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Change in Total OPEB Liability – Continued

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

	1% Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability	\$ 5,395,710	\$ 4,703,528	\$ 4,141,955

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

	1% Decrease 3.00%-6.25%	Healthcare Cost Trend Rates 4.00%-7.25%	1% Increase 5.00%-8.25%
Total OPEB liability	\$ 4,191,918	\$ 4,703,528	\$ 5,340,195

OPEB Plan Fiduciary Net Position

The plan is unfunded, so the OPEB plan's fiduciary net position is \$0. There are no OPEB assets accumulated in a GASB compliant trust to pay for related plan benefits.

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$275,372. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,577,829
Changes of assumptions	1,155,241	1,646,874
Employer contributions subsequent to the measurement date	224,306	-
Total	<u>\$ 1,379,547</u>	<u>\$ 3,224,703</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

11. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – Continued

Deferred outflows of resources related to pensions of \$224,306 resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2024	\$ (303,955)
2025	(303,959)
2026	(274,517)
2027	(432,837)
2028	(377,100)
Thereafter	(377,094)
	<u>\$ (2,069,462)</u>

12. UNEARNED REVENUES

The composition of unearned revenues as of September 30, 2023, was as follows:

	<u>General Fund</u>	<u>Utilities Fund</u>	<u>Totals</u>
Federal grant proceeds received in advance of meeting eligibility requirements	\$ -	\$ 3,651,981	\$ 3,651,981
Unredeemed gift cards	31,931	-	31,931
Charges for services paid in advance	-	65,216	65,216
	<u>\$ 31,931</u>	<u>\$ 3,717,197</u>	<u>\$ 3,749,128</u>

The American Rescue Plan Act (ARPA) grant documents do not require unspent funds to be held in a separate bank account and since the revenue is not earned, it is not a component of net position at either the fund or government-wide level. The terms of the grant require the funds to be expended by specific dates, and unspent grant funds are not typically considered restricted assets of the governmental unit. Therefore, the City has not reported the unspent proceeds as restricted assets as of September 30, 2023.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

13. FINANCED EQUIPMENT

The City has entered into contracts for financing the acquisition of fitness equipment for its recreation complex, a ladder fire truck, and cameras for police vehicles. These agreements qualify as financed purchases for accounting purposes as a result of the transfer of title or bargain purchase option and therefore has been recorded at the present value of the future debt service payments as of the inception date in the General Fund. The assets acquired through financing contracts were as follows:

Assets	Governmental Activities
Fitness equipment	\$ 75,385
Ladder fire truck	999,320
Police vehicle camera kits	356,030
Accumulated depreciation	(323,114)
Assets financed, net	<u>\$ 1,107,621</u>

14. LONG-TERM DEBT

Changes in Long-Term Debt Liabilities

The following is a summary of changes in long-term debt liabilities of the City for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
<i>Direct placements:</i>					
Capital Improvement Revenue Note, Series 2013	\$ 2,475,784	\$ -	\$ (252,694)	\$ 2,223,090	\$ 256,506
Capital Improvement Revenue Note, Series 2013A	5,203,182	-	(417,559)	4,785,623	428,792
Capital Improvement Revenue Bonds, Series 2018	11,365,436	-	(414,704)	10,950,732	430,587
<i>Direct borrowings:</i>					
Golf Course Irrigation System Revenue Note, 2021	1,209,393	-	(295,272)	914,121	274,723
Financing contract - fitness equipment	39,580	-	(15,087)	24,493	16,070
Financing contract - ladder fire truck	561,165	-	(334,892)	226,273	226,273
Financing contract - police equipment	-	304,825	(19,010)	285,815	71,454
Lease obligations	393,186	-	(200,139)	193,047	161,945
Subscription liabilities ⁽¹⁾	1,281,392	971,904	(538,665)	1,714,631	495,932
Compensated absences	958,865	1,037,605	(970,744)	1,025,726	256,432
Total governmental activities	<u>\$ 23,487,983</u>	<u>\$ 2,314,334</u>	<u>\$ (3,458,766)</u>	<u>\$ 22,343,551</u>	<u>\$ 2,618,714</u>

⁽¹⁾ Beginning balances were the result of implementing GASB Statement No. 96 as of October 1, 2022. These liabilities are offset by a related subscription asset. See Note 6 for additional details.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

14. LONG-TERM DEBT – CONTINUED

Changes in Long-Term Debt Liabilities – Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
<i>Direct placements:</i>					
Utility System Revenue Refunding					
Note, Series 2015	\$ 6,167,000	\$ -	\$ (484,000)	\$ 5,683,000	\$ 498,000
<i>Direct borrowings:</i>					
State Revolving Fund Loan, 2015	10,452,433	-	(748,307)	9,704,126	762,594
Lease obligations	190,610	35,644	(60,237)	166,017	63,549
Compensated absences	202,789	259,316	(246,130)	215,975	53,995
Total business-type activities	<u>\$ 17,012,832</u>	<u>\$ 294,960</u>	<u>\$ (1,538,674)</u>	<u>\$ 15,769,118</u>	<u>\$ 1,378,138</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Description of Long-Term Debt Outstanding

Governmental Activities – Direct Placements

\$4,470,610 City of Fort Walton Beach, Florida, Capital Improvement Refunding Revenue Note, Series 2013, 2.30% interest due semiannually and principal due annually ranging from \$187,659 to \$299,010 through 2031. Available non ad valorem revenues are pledged for payment of the note. Proceeds were used for refunding Series 2001 revenue bonds for construction of certain capital improvements.

\$8,500,000 City of Fort Walton Beach, Florida, Capital Improvement Revenue Note, Series 2013A, 2.69% interest due semiannually and principal due annually ranging from \$326,969 to \$464,334 through 2027 with a balloon payment of \$3,000,000 due in 2028. Budgeted and appropriated half cent sales tax is pledged for payment of the note. Proceeds were used to finance the construction of the City's new recreational complex along with the purchase of a bucket truck and a grounds sweeper for City's municipal golf course.

\$12,520,000 City of Fort Walton Beach, Florida, Capital Improvement Revenue Bonds, Series 2018, bearing interest at 3.83%, due in semiannual payments of principal and interest ranging from \$11,583 to \$1,019,479 through 2038. Available non ad valorem revenues are pledged for payment of the bond. Proceeds were used to finance the construction of a new field office complex on Hollywood Blvd.

In the event of default (non-payment), the lender may declare all outstanding payments of principal and interest on the debt to be immediately due and payable for all of the direct placement issuances discussed above. Furthermore, these direct placement issuances do not contain any subjective acceleration clauses.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

14. LONG-TERM DEBT – CONTINUED

Description of Long-Term Debt Outstanding

Governmental Activities – Direct Borrowings

\$1,500,000 golf course revenue note payable, 2021, due in monthly installments of \$26,013 through October 2026, which includes principal and interest at 1.55%. The note is payable from pledged revenues of the golf course with any shortfalls funded by legally available non-ad valorem revenues. Proceeds are expected to be used for golf course repairs and renovations in fiscal year 2022. In the event of default (non-payment), the lender may declare all outstanding payments of principal and interest on the debt to be immediately due and payable. This note does not contain any subjective acceleration clauses.

\$75,135 fitness equipment contract payable, 2020, due in monthly installments of \$1,430 through March 2025, which includes principal and interest at 6.34%. In the event of default (non-payment), the lender may declare all unpaid principal to be immediately due and payable or repossess the financed fitness equipment. This agreement does not contain any subjective acceleration clauses.

\$999,320 ladder fire truck contract payable, 2021, due in monthly installments of \$28,455 through May 2024, which includes principal and interest at 1.59%. In the event of default (non-payment), the lender may declare all unpaid principal to be immediately due and payable or repossess the financed ladder fire truck. This agreement does not contain any subjective acceleration clauses.

The City has acquired the right to use golf carts, utility carts, commercial mowers, and related ancillary equipment through leases with various unrelated parties. Under the provisions of GASB Statement No. 87, the City is a lessee under 10 equipment leases for its governmental activities. The City's lease liability is measured at the present value of lease payments expected to be remitted during the lease term, including options reasonably certain to be exercised. The lease terms range from 3 to 5 years, and the discount rate used to calculate the present value of the lease payments range from 4.48% to 4.63%. In circumstances in which the rate implicit in the lease cannot be determined, the City uses a discount rate of 4.63%, which is the City's estimated incremental borrowing rate for vehicles and equipment. The carrying value of the right-of-use assets and the related accumulated amortization can be found in Note 6. In the event of default (non-payment), the lender may declare all unpaid principal to be immediately due and payable or repossess the leased equipment. These agreements do not contain any subjective acceleration clauses.

The City has entered into six subscription-based information technology arrangements with various software vendors as the result of implementing GASB Statement No. 96 as of October 1, 2022. The City's subscription liability is measured using the present value of subscription payments expected to be remitted to the vendors during the subscription terms, including options reasonably certain to be exercised. The agreements require annual base subscription payments ranging from \$6,500 to \$250,961. The discount rate used to calculate the present value of the subscription payments was 4.63%, which is the City's estimated incremental borrowing rate for equipment, software, and similar assets. The carrying value of the related subscription assets can be found in Note 6. In the event of default, the lenders may revoke the City's licenses to use the underlying software. These agreements do not contain any subjective acceleration clauses.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

14. LONG-TERM DEBT – CONTINUED

Description of Long-Term Debt Outstanding – Continued

Business-Type Activities – Direct Placements

\$8,794,000 Utility System Revenue Refunding Note, Series 2015, due in annual installments of \$407,000 to \$645,000 beginning July 2017 through July 2033, with interest only semi-annual payments from January 2016 through January 2017; stated interest at 2.92%. Net revenues derived by the City from the utility operations are pledged for the payment of the note. Proceeds used to refinance and refund the Utility System Revenue Bonds, Series 2005, which was for water system and wastewater system improvements. In the event of default (non-payment), the lender may declare all outstanding payments of principal and interest on the debt to be immediately due and payable. This note does not contain any subjective acceleration clauses.

Business-Type Activities – Direct Borrowings

\$15,637,939 State of Florida Department of Environmental Protection Revolving Loan Fund; semiannual payments of \$471,683 including interest at 1.90% beginning August 2015, through February 2035. Proceeds used for force main replacement, storage tank construction and pump station upgrades. In the event of default (non-payment), the lender may notify financial market credit rating agencies, file suit for past due amounts, and accelerate repayment of unpaid principal to as much as 1.667 times the financing rate. This loan does not contain any subjective acceleration clauses.

The City has acquired the right to use two loaders and two excavators through leases with various unrelated parties. The City is a lessee under four equipment leases for its business-type activities. The City's lease liability is measured at the present value of lease payments expected to be remitted during the lease term, including options reasonably certain to be exercised. The lease terms range from 3 to 5 years, and the discount rate used to calculate the present value of the lease payments range from 4.48% to 4.63%. In circumstances in which the rate implicit in the lease cannot be determined, the City uses a discount rate of 4.63%, which is the City's estimated incremental borrowing rate for vehicles and equipment. The carrying value of the right-of-use assets and the related accumulated amortization can be found in Note 6. In the event of default (non-payment), the lender may declare all unpaid principal to be immediately due and payable or repossess the leased equipment. These agreements do not contain any subjective acceleration clauses.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

14. LONG-TERM DEBT – CONTINUED

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave and advances from other funds as of September 30, 2023, were as follows:

Governmental Activities:

Year Ending September 30	Revenue Bonds and Notes		Financing Contracts	
	Principal	Interest	Principal	Interest
2024	\$ 1,390,608	\$ 610,698	\$ 313,797	\$ 2,461
2025	1,551,611	573,208	79,877	157
2026	1,597,208	529,610	71,454	-
2027	1,355,392	486,533	71,453	-
2028	3,894,503	439,084	-	-
2029-2033	4,737,124	1,335,036	-	-
2034-2038	4,347,120	480,880	-	-
Total	<u>\$ 18,873,566</u>	<u>\$ 4,455,049</u>	<u>\$ 536,581</u>	<u>\$ 2,618</u>

Year Ending September 30	Lease Obligations		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 161,945	\$ 4,876	\$ 495,932	\$ 78,790
2025	23,769	802	507,094	55,406
2026	7,333	213	518,953	31,497
2027	-	-	192,652	8,327
Total	<u>\$ 193,047</u>	<u>\$ 5,891</u>	<u>\$ 1,714,631</u>	<u>\$ 174,020</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

14. LONG-TERM DEBT – CONTINUED

Annual Requirements to Amortize Debt Outstanding – Continued

Business-Type Activities:

Year Ending September 30	Revenue Note		State Revolving Loan		Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 498,000	\$ 165,944	\$ 762,594	\$ 180,773	\$ 63,549	\$ 6,111
2025	512,000	151,402	777,152	166,215	66,553	3,309
2026	527,000	136,452	791,988	151,379	35,109	491
2027	542,000	121,063	807,107	136,260	806	4
2028	558,000	105,237	822,515	120,852	-	-
2029-2033	3,046,000	271,939	4,354,186	362,648	-	-
2034-2038	-	-	1,388,584	26,466	-	-
Total	<u>\$ 5,683,000</u>	<u>\$ 952,037</u>	<u>\$ 9,704,126</u>	<u>\$ 1,144,593</u>	<u>\$ 166,017</u>	<u>\$ 9,915</u>

15. COMMENTS REQUIRED BY THE BOND AND ORDINANCES

Capital Improvement Refunding Revenue Note, Series 2013

1. The balance sheet and statement of revenues, expenditures, and changes in fund balance of the Debt Service Fund are shown in the financial section of the report.
2. The City is required to establish sinking fund amounts sufficient to pay all principal and interest becoming due on the notes on the next semiannual payment date. The sinking fund was not required to be funded at September 30, 2023.
3. The City is not aware of any instances of noncompliance with the debt covenants.

Capital Improvement Revenue Note, Series 2013A

1. The balance sheet and statement of revenues, expenditures, and changes in fund balance of the Debt Service Fund are shown in the financial section of the report.
2. The City is required to establish sinking fund amounts sufficient to pay all principal and interest becoming due on the notes on the next semiannual payment date. The sinking fund was not required to be funded at September 30, 2023.
3. The City is not aware of any instances of noncompliance with the debt covenants.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

15. COMMENTS REQUIRED BY THE BOND AND ORDINANCES – CONTINUED

Capital Improvement Revenue Bonds, Series 2018

1. The balance sheet and statement of revenues, expenditures, and changes in fund balance of the Debt Service Fund are shown in the financial section of the report.
2. The City is required to establish sinking fund amounts sufficient to pay all principal and interest becoming due on the notes on the next semiannual payment date. The sinking fund was not required to be funded at September 30, 2023.
3. The City is not aware of any instances of noncompliance with the debt covenants.

Golf Course Revenue Note, Series 2021

1. The balance sheet and statement of revenues, expenditures, and changes in fund balance of the Debt Service Fund are shown in the financial section of the report.
2. The City is required to establish sinking fund amounts sufficient to pay all principal and interest becoming due on the notes on the next semiannual payment date. The sinking fund was not required to be funded at September 30, 2023.
3. The City is not aware of any instances of noncompliance with the debt covenants.

Utility System Revenue Refunding Note, Series 2015

1. The statement of net position and statement of revenues, expenses, and changes in net position of the Utility Fund are shown in the financial section of the report.
2. Net revenues pledged consist of gross revenues less costs of operation and maintenance. The net revenues pledged in fiscal year 2023 were approximately \$3,946,746.
3. The debt issued refunded Series 2005 bond used for system improvements.
4. The term of the pledge commitment ends in January 2033.
5. The pledged revenues needed to meet the rate covenants in fiscal year 2023 were \$830,096. The covenant is based upon 125% of the annual debt service requirement.
6. The pledged revenues exceeded the debt service requirements by \$3,116,650 in fiscal year 2023.
7. The City is not aware of any instances of noncompliance with the debt covenants.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

16. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2023, was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Community Development Block Grant	\$ 67,451

Advance to/from Other Funds

Receivable Fund	Payable Fund	Amount
Sanitation	General	\$ 54,574

General Fund receivables from the Community Development Block Grant Fund are the result of eliminating a temporary deficit cash balance.

On September 30, 2014, the City's Sanitation Fund loaned the General Fund \$500,000 to purchase a Fire Engine. The loan from the Sanitation Fund will be paid back over a 10-year period at an interest rate of 2.00%. The balance of the advance as of September 30, 2023, is \$54,574.

The composition of interfund transfers for the year ended September 30, 2023, was as follows:

Transfers Out	Transfers In		
	General Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ 2,441,479	\$ 2,441,479
Utilities Fund	1,239,251	-	1,239,251
Sanitation Fund	360,348	-	360,348
Stormwater Fund	198,166	-	198,166
	<u>\$ 1,797,765</u>	<u>\$ 2,441,479</u>	<u>\$ 4,239,244</u>

The transfers out of the General Fund were \$2,441,479. These transfers consist of a \$2,406,861 transfer to the Debt Service Fund (Other Governmental Fund) for principal and interest payments on debt, and a \$34,618 transfer to the Beal Memorial Cemetery Perpetual Care Fund (Other Governmental Fund) for permanent maintenance.

Transfers into the General Fund of \$1,797,765 consist of franchise fees, compensation for heavy trucks wear and tear on roadways, and a portion of the debt service for the new field office complex from the enterprise funds representing their portion of use of the facility.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

17. GOVERNMENTAL FUND BALANCES

At September 30, 2023, the City's governmental fund balances were classified as follows:

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Inventory	\$ 311,357	\$ -	\$ -	\$ 311,357
Restricted for				
Public safety	-	-	1,566,532	1,566,532
Debt service	-	-	21,156	21,156
Improvement districts	-	6,225,881	-	6,225,881
Library capital projects	132,030	-	-	132,030
Discretionary sales taxes	7,101,953	-	-	7,101,953
Other purposes	9,127	-	-	9,127
Total restricted	7,243,110	6,225,881	1,587,688	15,056,679
Committed				
Affordable housing projects	1,716,292	-	-	1,716,292
Cemetery maintenance	16,412	-	3,814,516	3,830,928
Natural disaster recovery	9,823,759	-	-	9,823,759
Total committed	11,556,463	-	3,814,516	15,370,979
Assigned for				
Capital expenditures	5,222,717	-	-	5,222,717
Long-term debt	850,000	-	-	850,000
Other purposes	3,518,146	-	-	3,518,146
Total assigned	9,590,863	-	-	9,590,863
Unassigned	4,983,996	-	(19,782)	4,964,214
	<u>\$ 33,685,789</u>	<u>\$ 6,225,881</u>	<u>\$ 5,382,422</u>	<u>\$ 45,294,092</u>

The Community Development Block Grant special revenue fund had a deficit fund balance at year end. The deficit will be eliminated by future transfers from other funds and by future grant funding.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

18. ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2023, were as follows:

Governmental Funds –	
General Fund	\$ 4,936,403
Community Redevelopment Agency Fund	2,880,194
Other Governmental Funds	<u>17,088</u>
	<u>\$ 7,833,685</u>

Encumbrances at year end do not constitute expenditures or liabilities; therefore, they are not reflected in the statement of revenues, expenditures, and changes in fund balances.

19. EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

The following funds had an excess of expenditures over final budgeted appropriations for the year ended September 30, 2023:

Fund	Excess Over Budget
CDBG Fund	<u>\$ 19,489</u>
Debt Service Fund	<u>\$ 125,679</u>

20. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical benefits and natural disasters. The City purchases insurance through commercial carriers. Insurance coverage for workers' compensation, liability, casualty, inland marine, flood, police accidental death, public officials' bonds, fiduciary and fuel tanks were purchased from several commercial carriers during the year ended September 30, 2023. There has been no significant reduction in insurance coverage from the prior year. Commercial insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

21. COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

21. COMMITMENTS AND CONTINGENCIES – CONTINUED

Fort Walton Beach Housing Authority (FWBHA) Development Project

The FWBHA has applied to the Florida Housing Finance Corporation for low-income housing tax credits (LIHTC) for the Bayside Gardens redevelopment of Charlie Hill Terrace. In order to make the application more competitive, the FWBHA requested a commitment of \$340,000 from the City as the Local Government Area of Opportunity (LGAO). The City Council adopted a resolution in fiscal year 2021 to commit the funding requested in the form of a 50% grant and 50% loan to the FWBHA. As of the date of this report, the FWBHA is awaiting a final decision on the application filed with the Florida Housing Finance Corporation.

Workforce Housing Incentive Fund

In May 2022, the City Council adopted a resolution establishing the Workforce Housing Incentive Fund, which shall be managed by the City's Growth Management Department. The funds will be used in accordance with guidelines established in section 4.10 of the City's Land Development Code and any requests for funding will be made in the form of development agreements and require City Council approval. Requests for funding may either be approved as up-front payments or as reimbursements once projects are completed. The City Council shall determine the manner of payments to recipients. The resolution sets forth an initial commitment of \$1,500,000 from the City's General Fund resources to the Workforce Housing Incentive Fund. The City awarded \$123,708 from the Workforce Housing Incentive Fund during the year ended September 30, 2023, for development projects.

Wastewater Service Interlocal Agreement with Okaloosa County

In 2009, the City adopted the Wastewater Service Interlocal Agreement with Okaloosa County (Agreement). The Agreement outlines a long-term association with Okaloosa County Water & Sewer for the treatment of the City's influent wastewater flow at a set percentage of the County's base sewer rate plus a locked-in annual rate escalator. The agreement provides other ancillary benefits to the City such as the provision of "no cost" tertiary treated effluent for use as irrigation water at the City's 36-hole municipal Golf Club. The Agreement is effective for 30 years and can be automatically extended for up to two additional terms for a period of ten years for each extension term.

On a monthly basis, the County bills the City at a rate equal to \$2.77 per each 1,000 gallons of wastewater flow. Additionally, the City pays to the County the Sewer Readiness to Serve Fee, which is equal to \$5,507 per month. Annually, the rate per thousand and the Readiness to Serve Fee increases by 3%. Fees paid for wastewater treatment to Okaloosa County, Florida during the year ended September 30, 2023, were \$2,421,919.

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

21. COMMITMENTS AND CONTINGENCIES – CONTINUED

Wastewater Service Interlocal Agreement with Okaloosa County – Continued

The minimum commitment by the City under the Agreement is as follows:

Fiscal Year Ending September 30

2024	\$ 67,239
2025	69,256
2026	71,334
2027	73,474
2028	75,678
2029 through 2033	413,836
2034 through 2038	479,749
2039	<u>104,755</u>
Total	<u><u>\$ 1,355,321</u></u>

22. SUBSEQUENT EVENTS

Artificial Turf Contract

In January 2024, the City entered into an agreement with a specialty contractor to install artificial sports turf for five baseball/softball fields at the Preston Hood Athletic Complex and 12 soccer goal boxes at the Oakland Heights athletic fields for a total contract price of \$794,260. The project is expected to be completed in May 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 13,158,331	\$ 13,158,331	\$ 13,833,548	\$ 675,217
Permits and fees	3,256,178	3,276,428	3,707,886	431,458
Intergovernmental	6,917,455	8,475,376	7,636,947	(838,429)
Charges for services	3,338,326	3,343,009	3,743,367	400,358
Fines	64,463	64,463	190,708	126,245
Investment income	25,000	25,000	699,261	674,261
Miscellaneous	668,290	722,240	875,077	152,837
Total revenues	27,428,043	29,064,847	30,686,794	1,621,947
EXPENDITURES				
Current				
General governmental services	5,369,630	5,423,787	4,407,665	1,016,122
Public safety	14,360,298	14,569,302	13,905,764	663,538
Physical environment	418,557	418,557	434,119	(15,562)
Transportation	814,474	2,321,765	938,417	1,383,348
Economic environment	87,500	87,500	19,500	68,000
Culture and recreation	5,702,918	5,779,721	5,170,888	608,833
Capital outlay	3,933,552	9,604,954	3,916,725	5,688,229
Debt service	-	-	764,077	(764,077)
Total expenditures	30,686,929	38,205,586	29,557,155	8,648,431
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,258,886)	(9,140,739)	1,129,639	10,270,378
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	4,668,757	4,668,757
Issuance of financing contracts	-	-	304,825	304,825
Issuance of subscription liabilities	-	-	971,904	971,904
Transfers in	1,090,895	1,090,895	1,797,765	706,870
Transfers out	(38,400)	(2,400,331)	(2,441,479)	(41,148)
Total other financing sources (uses)	1,052,495	(1,309,436)	5,301,772	6,611,208
NET CHANGE IN FUND BALANCE	(2,206,391)	(10,450,175)	6,431,411	16,881,586
FUND BALANCE AT BEGINNING OF YEAR	2,206,391	10,450,175	27,254,378	16,804,203
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 33,685,789	\$ 33,685,789

See notes to the required supplementary information.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY REDEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,510,607	\$ 1,510,607	\$ 1,510,607	\$ -
Permits and fees	-	-	210,673	210,673
Intergovernmental	2,757,390	2,757,390	2,257,919	(499,471)
Investment income	-	-	51,201	51,201
Miscellaneous	-	-	112,761	112,761
Total revenues	4,267,997	4,267,997	4,143,161	(124,836)
EXPENDITURES				
Current				
Public safety	413,457	413,457	333,462	79,995
Economic environment	2,616,088	2,616,088	755,547	1,860,541
Capital outlay	630,910	2,254,999	2,062,487	192,512
Total expenditures	3,660,455	5,284,544	3,151,496	2,133,048
NET CHANGE IN FUND BALANCE	607,542	(1,016,547)	991,665	2,008,212
FUND BALANCE AT BEGINNING OF YEAR	-	1,016,547	5,234,216	4,217,669
FUND BALANCE AT END OF YEAR	\$ 607,542	\$ -	\$ 6,225,881	\$ 6,225,881

See notes to the required supplementary information.

CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

Budgetary data reflected in the accompanying schedules of revenues, expenditures, and changes in fund balance – budget and actual are established by the following procedures:

Prior to September 1st of each year, proposed budgets are received by the City Council from the City Manager. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the City Council. The City Council requires such changes as deemed necessary, sets proposed mileages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.

Proposed budgets are advertised in a newspaper of general circulation in the City. Public hearings are conducted for the purposes of receiving input, responding to complaints, and providing reasons and explanations for intended actions to all citizens participating.

Prior to October 1st, the budget for all governmental and proprietary funds of the City is legally enacted through passage of a resolution. Budget amendments are periodically passed via resolutions throughout 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.

The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level. The City Manager and Finance Director are authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budget amounts reflected in the financial statements are originally adopted amounts as amended by action of the City Council by revision of fund totals. All amendments to the originally adopted amounts were made in a legally permissible manner.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS (UNAUDITED)
GENERAL EMPLOYEES' RETIREMENT FUND**

Reporting Date *	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 311,634	\$ 330,178	\$ 366,197	\$ 372,064	\$ 446,214	\$ 504,055	\$ 557,163	\$ 569,712	\$ 622,382
Interest	3,695,597	3,677,931	3,723,744	3,888,510	3,827,379	3,771,606	3,317,396	3,314,990	3,222,809
Differences between expected and actual experience	(614,717)	275,286	60,721	(466,270)	(265,877)	(404,763)	400,221	(1,074,244)	-
Changes of assumptions ¹	-	1,521,135	618,633	(768,706)	-	-	4,485,495	-	-
Benefit payments, including refunds of employee contributions	(3,381,848)	(3,366,874)	(3,327,697)	(3,161,812)	(3,157,696)	(3,056,444)	(2,858,889)	(2,676,038)	(2,575,304)
Net change in total pension liability	10,666	2,437,656	1,441,598	(136,214)	850,020	814,454	5,901,386	134,420	1,269,887
Total pension liability – beginning	54,173,531	51,735,875	50,294,277	50,430,491	49,580,471	48,766,017	42,864,631	42,730,211	41,460,324
Total pension liability – ending (a)	54,184,197	54,173,531	51,735,875	50,294,277	50,430,491	49,580,471	48,766,017	42,864,631	42,730,211
Plan Fiduciary Net Position									
Contributions – employer	\$ 580,847	\$ 1,024,247	\$ 1,419,339	\$ 1,751,654	\$ 2,006,925	\$ 1,254,097	\$ 1,280,082	\$ 1,355,041	\$ 1,296,450
Contributions – member	128,595	136,164	147,885	150,018	158,138	171,869	202,268	209,567	212,790
Net investment income	(8,789,933)	10,772,183	4,869,412	1,788,274	4,975,937	4,967,834	4,031,981	(4,390)	3,228,153
Benefit payments, including refunds of employee contributions	(3,381,848)	(3,366,874)	(3,327,697)	(3,161,812)	(3,157,696)	(3,056,444)	(2,858,889)	(2,676,038)	(2,575,304)
Administrative expenses	(41,837)	(48,305)	(50,568)	(40,421)	(49,518)	(42,201)	(35,704)	(39,535)	(42,483)
Net change in plan fiduciary net position	(11,504,176)	8,517,415	3,058,371	487,713	3,933,786	3,295,155	2,619,738	(1,155,355)	2,119,606
Plan fiduciary net position – beginning	59,999,067	51,481,652	48,423,281	47,935,568	44,001,782	40,706,627	38,086,889	39,242,244	37,122,638
Plan fiduciary net position – ending (b)	48,494,891	59,999,067	51,481,652	48,423,281	47,935,568	44,001,782	40,706,627	38,086,889	39,242,244
Net pension liability (asset) – ending (a) – (b)	\$ 5,689,306	\$ (5,825,536)	\$ 254,223	\$ 1,870,996	\$ 2,494,923	\$ 5,578,689	\$ 8,059,390	\$ 4,777,742	\$ 3,487,967
Plan fiduciary net position as a percentage of the total pension liability	89.50%	110.75%	99.51%	96.28%	95.05%	88.75%	83.47%	88.85%	91.84%
Covered payroll	\$ 2,571,886	\$ 2,723,263	\$ 2,957,684	\$ 3,000,359	\$ 3,162,762	\$ 3,437,375	\$ 4,045,350	\$ 4,191,304	\$ 4,255,801
Net pension liability as a percentage of covered payroll	221.21%	-213.92%	8.60%	62.36%	78.88%	162.30%	199.23%	113.99%	81.96%

Notes:

¹ As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System in its July 1, 2019, actuarial valuation for non-special risk lives, with appropriate risk and collar adjustments made based on plan demographics.

The investment rate of return assumption was lowered from 7.60% to 7.30% for the 2021 reporting date.

The investment rate of return assumption was lowered from 7.30% to 7.00% for the 2022 reporting date.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS (UNAUDITED)
POLICE OFFICERS' RETIREMENT FUND**

Reporting Date *	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 748,564	\$ 699,264	\$ 546,326	\$ 384,431	\$ 395,440	\$ 334,061	\$ 344,958	\$ 336,234	\$ 322,118
Interest	2,230,909	2,142,668	2,143,525	1,976,534	2,112,261	2,084,744	1,948,181	1,953,123	1,905,286
Change in excess state money	-	-	(172,843)	40,065	20,893	8,823	-	-	-
Changes of benefit terms ³	-	-	1,428,025	-	-	-	-	-	-
Differences between expected and actual experiences	(262,825)	476,947	(211,485)	283,813	(833,418)	(343,066)	(425,107)	(659,966)	-
Changes of assumptions ²	-	682,631	46,143	584,615	(251,695)	-	1,633,122	-	-
Benefit payments, including refunds of employee contributions	(1,978,930)	(1,900,983)	(1,868,482)	(1,851,074)	(1,764,575)	(1,821,727)	(1,744,710)	(1,655,069)	(1,632,053)
Net change in total pension liability	737,718	2,100,527	1,911,209	1,418,384	(321,094)	262,835	1,756,444	(25,678)	595,351
Total pension liability – beginning	32,111,029	30,010,502	28,099,293	26,680,909	27,002,003	26,739,168	24,982,724	25,008,402	24,413,051
Total pension liability – ending (a)	32,848,747	32,111,029	30,010,502	28,099,293	26,680,909	27,002,003	26,739,168	24,982,724	25,008,402
Plan Fiduciary Net Position									
Contributions – employer ¹	\$ 1,314,250	\$ 1,232,753	\$ 806,946	\$ 732,187	\$ 830,613	\$ 569,215	\$ 577,564	\$ 628,975	\$ 836,053
Contributions – state	236,730	223,280	217,473	221,641	202,468	190,399	181,303	175,025	175,703
Contributions – member	151,799	147,074	132,013	113,192	112,112	104,557	102,214	101,886	96,591
Net investment income	(3,684,483)	4,499,980	2,166,715	1,085,486	1,609,609	2,036,244	1,698,093	(538,198)	1,869,244
Benefit payments, including refunds of employee contributions	(1,978,930)	(1,900,983)	(1,868,482)	(1,851,074)	(1,764,575)	(1,821,727)	(1,744,710)	(1,655,069)	(1,632,053)
Administrative expenses	(63,679)	(52,862)	(57,304)	(64,930)	(54,400)	(39,184)	(44,882)	(25,084)	(38,242)
Net change in plan fiduciary net position	(4,024,313)	4,149,242	1,397,361	236,502	935,827	1,039,504	769,582	(1,312,465)	1,307,296
Plan fiduciary net position – beginning	27,679,005	23,529,763	22,132,402	21,895,900	20,960,073	19,920,569	19,150,987	20,463,452	19,156,156
Plan fiduciary net position – ending (b)	23,654,692	27,679,005	23,529,763	22,132,402	21,895,900	20,960,073	19,920,569	19,150,987	20,463,452
Net pension liability – ending (a) – (b)	\$ 9,194,055	\$ 4,432,024	\$ 6,480,739	\$ 5,966,891	\$ 4,785,009	\$ 6,041,930	\$ 6,818,599	\$ 5,831,737	\$ 4,544,950
Plan fiduciary net position as a percentage of the total pension liability	72.01%	86.20%	78.41%	78.76%	82.07%	77.62%	74.50%	76.66%	81.83%
Covered payroll	\$ 3,035,976	\$ 2,941,480	\$ 2,640,254	\$ 2,263,844	\$ 2,242,245	\$ 2,091,146	\$ 2,073,208	\$ 2,037,716	\$ 1,975,478
Net pension liability as a percentage of covered payroll	302.84%	150.67%	245.46%	263.57%	213.40%	288.93%	328.89%	286.19%	230.07%

See notes to schedule on the next page.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS (UNAUDITED) – CONTINUED
POLICE OFFICERS' RETIREMENT FUND**

Notes:

¹ Adjusted for actual contributions made.

² As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System in its July 1, 2019, actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics.

For the 2021 reporting date, changes of assumptions resulted from the changes in benefit terms discussed below; the retirement assumptions were updated to assume 25% probability of retirement between ages 52-54 with less than 25 year of service, as well as 50% probability of retirement upon completion of 25 years of service, and a 100% probability of retirement upon completion of 26 or more years of service.

The investment rate of return assumption was lowered from 7.40% to 7.20% for the 2021 reporting date.

The investment rate of return assumption was lowered from 7.20% to 7.00% for the 2022 reporting date.

³ For the 2021 reporting date, the plan was amended by Ordinance 2025 to provide the following benefit changes: 1) requirements for normal retirement eligibility to be the earlier of age 52 and 10 years of service or 25 years of service (regardless of age); 2) reduces the early retirement reduction from 6.00% to 3.00% per year for each year prior to normal retirement; and 3) increases the maximum benefit accrual rate from 2.75% to 3.00% of average final compensation per year for each year of service, up to a maximum of 75% of average final compensation.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS (UNAUDITED)
FIREFIGHTERS' RETIREMENT FUND**

Reporting Date *	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 768,244	\$ 645,171	\$ 546,149	\$ 513,466	\$ 477,930	\$ 494,032	\$ 453,506	\$ 478,365	\$ 414,836	\$ 384,107
Interest	2,229,203	2,115,954	2,063,083	1,978,589	1,864,720	1,830,663	1,645,954	1,554,072	1,425,875	1,367,809
Change in excess state money	-	-	-	-	-	-	-	-	89,886	-
Changes of benefit terms ²	-	-	-	(2,402)	-	-	-	804,097	-	-
Differences between expected and actual experiences	790,469	397,047	231,328	98,199	513,043	(199,349)	261,007	(224,382)	-	-
Contributions – buy back	22,695	-	-	-	-	32,155	-	72,413	-	-
Changes of assumptions ¹	103,378	760,987	66,865	655,972	601,424	258,300	1,243,794	-	-	-
Benefit payments, including refunds of employee contributions	(1,633,458)	(1,536,000)	(1,459,394)	(1,407,554)	(1,318,156)	(1,434,474)	(1,237,389)	(1,140,432)	(1,071,302)	(1,042,333)
Net change in total pension liability	2,280,531	2,383,159	1,448,031	1,836,270	2,138,961	981,327	2,366,872	1,544,133	859,295	709,583
Total pension liability – beginning	31,894,238	29,511,079	28,063,048	26,226,778	24,087,817	23,106,490	20,739,618	19,195,485	18,336,190	17,626,607
Total pension liability – ending (a)	34,174,769	31,894,238	29,511,079	28,063,048	26,226,778	24,087,817	23,106,490	20,739,618	19,195,485	18,336,190
Plan Fiduciary Net Position										
Contributions – employer	\$ 1,390,710	\$ 1,390,526	\$ 1,231,466	\$ 1,016,560	\$ 1,089,746	\$ 794,144	\$ 744,019	\$ 672,369	\$ 715,439	\$ 703,618
Contributions – state	256,006	235,435	209,723	219,901	195,017	204,568	201,904	205,007	214,272	204,226
Contributions – member	233,380	226,099	204,865	189,154	182,127	173,480	164,876	150,357	135,622	133,633
Contributions – buy back	22,695	-	-	-	-	32,155	-	72,413	-	-
Net investment income	(3,520,580)	3,874,693	1,922,011	564,309	1,430,717	1,401,324	969,107	15,563	1,201,162	1,099,298
Benefit payments, including refunds of employee contributions	(1,633,458)	(1,536,000)	(1,459,394)	(1,407,554)	(1,318,156)	(1,434,474)	(1,237,389)	(1,140,432)	(1,071,302)	(1,042,333)
Administrative expenses	(64,300)	(44,086)	(55,253)	(66,388)	(67,773)	(28,449)	(43,625)	(47,088)	(34,537)	(33,706)
Net change in plan fiduciary net position	(3,315,547)	4,146,667	2,053,418	515,982	1,511,678	1,142,748	798,892	(71,811)	1,160,656	1,064,736
Plan fiduciary net position – beginning	23,759,893	19,613,226	17,559,808	17,043,826	15,532,148	14,389,400	13,590,508	13,662,319	12,501,663	11,436,927
Plan fiduciary net position – ending (b)	20,444,346	23,759,893	19,613,226	17,559,808	17,043,826	15,532,148	14,389,400	13,590,508	13,662,319	12,501,663
Net pension liability – ending (a) – (b)	\$ 13,730,423	\$ 8,134,345	\$ 9,897,853	\$ 10,503,240	\$ 9,182,952	\$ 8,555,669	\$ 8,717,090	\$ 7,149,110	\$ 5,533,166	\$ 5,834,527
Plan fiduciary net position as a percentage of the total pension liability	59.82%	74.50%	66.46%	62.57%	64.99%	64.48%	62.27%	65.53%	71.17%	68.18%
Covered payroll	\$ 2,917,251	\$ 2,826,544	\$ 2,560,508	\$ 2,364,429	\$ 2,276,592	\$ 2,168,503	\$ 2,060,954	\$ 2,072,260	\$ 2,054,879	\$ 2,054,879
Net pension liability as a percentage of covered payroll	470.66%	287.78%	386.56%	444.22%	403.36%	394.54%	422.96%	344.99%	269.27%	283.94%

Notes:

¹ The investment rate of return assumption was lowered from 7.20% to 7.00% for the 2022 reporting date. The investment rate of return assumption was lowered from 7.40% to 7.20% for the 2021 reporting date.

As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System in its July 1, 2019, actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics.

² Effective July 1, 2019, Chapter 118.1816, Florida Statutes states that a death or disability for a firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS (UNAUDITED)
FORT WALTON BEACH RETIREE HEALTH CARE PLAN**

Reporting Date *	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 399,330	\$ 410,684	\$ 230,648	\$ 190,791	\$ 91,714	\$ 105,139
Interest	176,997	155,984	228,430	235,597	205,213	187,954
Differences between expected and actual experience ²	(978,450)	-	(1,195,507)	-	(494,909)	-
Changes of assumptions ¹	(1,661,244)	(334,427)	1,699,860	519,859	288,811	(639,051)
Benefit payments	(233,797)	(218,502)	(250,893)	(232,308)	(151,409)	(139,227)
Net change in total OPEB liability	(2,297,164)	13,739	712,538	713,939	(60,580)	(485,185)
Total OPEB liability - beginning	7,000,692	6,986,953	6,274,415	5,560,476	5,621,056	6,106,241
Total OPEB liability - ending (a)	4,703,528	7,000,692	6,986,953	6,274,415	5,560,476	5,621,056
Plan Fiduciary Net Position						
Contributions - employer	236,797	228,302	253,893	242,108	154,409	148,727
Benefit payments ³	(233,797)	(218,502)	(250,893)	(232,308)	(151,409)	(139,227)
Administrative expenses	(3,000)	(9,800)	(3,000)	(9,800)	(3,000)	(9,500)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-	-
Sponsor's total OPEB liability - ending (a) - (b)	\$ 4,703,528	\$ 7,000,692	\$ 6,986,953	\$ 6,274,415	\$ 5,560,476	\$ 5,621,056
Plan fiduciary net position as a percentage of total OPEB liability **	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll (projected)	\$ 13,747,571	\$ 12,653,509	\$ 12,085,491	\$ 11,392,366	\$ 10,891,364	\$ 7,927,323
City's total OPEB liability as a percentage of covered-employee payroll	34.21%	55.33%	57.81%	55.08%	51.05%	70.91%

Notes:

¹ As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System to match the pension plan assumptions. Changes of assumptions and other inputs also reflect the changes in the discount rate each period. The following are the discount rates used in each period:

FY 2023: 4.77%
FY 2022: 2.43%
FY 2021: 2.14%
FY 2020: 3.58%
FY 2019: 4.18%

In addition, there were changes to actuarial assumptions for updated health care costs and premiums, health care trend rates, mortality rates, retirement rates, and disability rates.

² Differences between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the valuation as of 9/30/2020.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**There are no OPEB plan assets accumulated in a GASB compliant trust to pay for related plan benefits.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
LAST TEN FISCAL YEARS**

Plan Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>General Employees' Retirement Fund</u>										
Actuarially determined contribution	\$ 289,455	\$ 580,847	\$ 1,024,247	\$ 1,419,339	\$ 1,602,192	\$ 1,771,147	\$ 1,120,584	\$ 1,197,424	\$ 1,286,744	\$ 1,187,794
Contributions in relation to the actuarially determined contributions	<u>314,371</u>	<u>580,847</u>	<u>1,024,247</u>	<u>1,419,339</u>	<u>1,751,654</u>	<u>2,006,925</u>	<u>1,254,097</u>	<u>1,280,082</u>	<u>1,355,041</u>	<u>1,296,450</u>
Contribution deficiency (excess)	<u>\$ (24,916)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (149,462)</u>	<u>\$ (235,778)</u>	<u>\$ (133,513)</u>	<u>\$ (82,658)</u>	<u>\$ (68,297)</u>	<u>\$ (108,656)</u>
Covered payroll¹	\$ 2,140,710	\$ 2,571,886	\$ 2,723,263	\$ 2,957,684	\$ 3,000,359	\$ 3,162,762	\$ 3,437,375	\$ 4,045,350	\$ 4,191,304	\$ 4,255,801
Contributions as a percentage of covered payroll	14.69%	22.58%	37.61%	47.99%	58.38%	63.45%	36.48%	32.33%	32.33%	30.46%
<u>Police Officers' Retirement Fund</u>										
Actuarially determined contribution	\$ 1,643,297	\$ 1,429,945	\$ 1,456,033	\$ 1,024,419	\$ 837,623	\$ 928,289	\$ 650,347	\$ 709,037	\$ 772,294	\$ 932,426
Contributions in relation to the actuarially determined contributions	<u>1,694,073</u>	<u>1,550,980</u>	<u>1,456,033</u>	<u>1,024,419</u>	<u>913,763</u>	<u>1,033,081</u>	<u>750,791</u>	<u>790,573</u>	<u>772,294</u>	<u>1,011,756</u>
Contribution deficiency (excess)	<u>\$ (50,776)</u>	<u>\$ (121,035)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,140)</u>	<u>\$ (104,792)</u>	<u>\$ (100,444)</u>	<u>\$ (81,536)</u>	<u>\$ -</u>	<u>\$ (79,330)</u>
Covered payroll¹	\$ 3,526,388	\$ 3,035,976	\$ 2,941,480	\$ 2,640,254	\$ 2,263,844	\$ 2,242,245	\$ 2,091,146	\$ 2,073,208	\$ 2,037,716	\$ 1,975,478
Contributions as a percentage of covered payroll	48.04%	51.09%	49.50%	38.80%	40.36%	46.07%	35.90%	38.13%	37.90%	51.22%
<u>Firefighters' Retirement Fund</u>										
Actuarially determined contribution	\$ 1,627,107	\$ 1,546,144	\$ 1,534,814	\$ 1,293,057	\$ 1,127,832	\$ 1,138,295	\$ 899,929	\$ 816,138	\$ 748,086	\$ 824,007
Contributions in relation to the actuarially determined contributions	<u>1,706,211</u>	<u>1,646,716</u>	<u>1,625,961</u>	<u>1,441,189</u>	<u>1,236,461</u>	<u>1,284,763</u>	<u>998,712</u>	<u>945,923</u>	<u>877,376</u>	<u>839,825</u>
Contribution deficiency (excess)	<u>\$ (79,104)</u>	<u>\$ (100,572)</u>	<u>\$ (91,147)</u>	<u>\$ (148,132)</u>	<u>\$ (108,629)</u>	<u>\$ (146,468)</u>	<u>\$ (98,783)</u>	<u>\$ (129,785)</u>	<u>\$ (129,290)</u>	<u>\$ (15,818)</u>
Covered payroll¹	\$ 3,123,046	\$ 2,917,251	\$ 2,826,544	\$ 2,560,508	\$ 2,364,429	\$ 2,276,592	\$ 2,168,503	\$ 2,060,954	\$ 2,072,260	\$ 2,121,613
Contributions as a percentage of covered payroll	54.63%	56.45%	57.52%	56.29%	52.29%	56.43%	46.06%	45.90%	42.34%	39.58%

¹ As of 2014, the Covered payroll numbers shown are in compliance with GASB Statement No. 82.

See notes to the schedule of contributions.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
SEPTEMBER 30, 2023**

Measurement Period Ended:	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
General Employees' Retirement Fund									
Annual Money-Weighted Rate of Return									
Net of Investment Expense	-14.99%	21.35%	10.25%	3.78%	11.43%	12.45%	10.78%	-0.01%	8.82%
Police Officers' Retirement Fund									
Annual Money-Weighted Rate of Return									
Net of Investment Expense	-13.47%	19.34%	10.01%	5.08%	7.82%	10.52%	9.12%	-2.69%	9.96%
Firefighters' Retirement Fund									
Annual Money-Weighted Rate of Return									
Net of Investment Expense	-14.84%	19.75%	11.01%	3.33%	9.24%	9.88%	7.25%	0.12%	9.72%

Note: This information is not available for previous years.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
GENERAL EMPLOYEES' RETIREMENT FUND**

Valuation Date: October 1, 2021

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry-Age Actuarial Cost Method

Mortality rates:

Healthy lives:

Female: PubG.H-2010 for Employees

Male: PubG.H-2010 (Below Median) for Employees, set back one year

Disabled lives:

Female: PubG.H-2010 for Disabled Retirees, set forward three years

Male: PubG.H-2010 for Disabled Retirees, set forward three years

Interest rate: 7.00% per year, compounded annually, net of investment related expenses

Inflation: 2.50%

Termination rates: Age-based rates. Sample rates as follows:

Sample Ages	Probability
25	7.724%
30	7.397%
35	6.858%
40	6.113%
45	5.163%
50	4.316%
55	4.371%
60	5.631%

Disability rates: Age-based rates. Sample rates as follows:

Sample Ages	Probability
20	0.07%
30	0.11%
40	0.19%
50	0.51%
60	1.66%

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED) – CONTINUED
GENERAL EMPLOYEES' RETIREMENT FUND**

Salary increases: Age-based increase table, as follows:

Age	Increase*
Under 25	6.50%
25-34	5.50%
35-44	4.50%
45+	3.50%

*Increase shown is inclusive of a 3% wage inflationary assumption.

Retirement age: 100% probability of retirement upon attaining age 62 and ten years of service, along with probabilities of retiring with a subsidized benefit prior to age 62 at the following rates:

Age	Probability
52	4.218%
53	4.249%
54	4.293%
55	4.371%
56	4.500%
57	4.688%
58	4.941%
59	5.258%
60	5.631%
61	6.053%

Cost of living increase: 2.50% per year beginning at retirement

Payroll growth: None (closed plan) for purposes of amortizing the Unfunded Actuarial Accrued Liability.

Actuarial asset method: All assets are valued at fair value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual fair value investment return against expected fair value investment return) over a five-year period.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
POLICE OFFICERS' RETIREMENT FUND**

Valuation Date: October 1, 2021

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Funding method: Entry-Age Normal Actuarial Cost Method

Mortality rates:

Healthy lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year

Male: PubS.H-2010 (Below Median) for Employees, set forward one year

Disabled lives:

Female: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Male: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Interest rate: 7.00% per year, compounded annually, net of investment related expenses

Retirement age:	Member Age	Retirement Probability
	50-51	5.0%
	52-54	25.0%
	55-56	10.0%
	57	33.3%
	58-59	50.0%
	60+	100.0%

In addition to the above table, 100% are assumed to retire upon completion of 25 years of service at the age of 60.

Early retirement:	Service Years	Retirement Probability
	25	50.0%
	26+	100.0%

Cost-of-living increase: 2.50% per year beginning at retirement

Payroll growth: None

Actuarial asset method: All assets are valued at fair value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual fair value investment return against expected fair value investment return) over a five-year period.

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED) – CONTINUED
POLICE OFFICERS' RETIREMENT FUND**

Marital assumption: 100% of active members are assumed to be married, with husbands 3 years older than wives.

Salary increases:	Service Years	Assumption
	Less than 1	10.0%
	1-4	6.5%
	5-9	6.0%
	10-14	5.5%
	15-19	4.5%
	20+	3.5%

In addition to the table on the previous page, projected salary at retirement is increased 20% to account for non-regular compensation.

Disability rate:

Age	% Becoming Disabled During the Year
20	0.28%
25	0.30%
30	0.36%
35	0.46%
40	0.60%
45	1.02%
50	2.00%
55	3.10%
60	4.18%

It is assumed that 75% of disablements are service-related.

Termination rate:	Service Years	Termination Probability
	Less than 2	15.0%
	2-4	12.0%
	5-6	10.0%
	7-9	2.0%
	10	8.0%
	11	7.5%
	12	7.0%
	13	6.5%
	14-19	6.0%
	20+	2.0%

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)
FIREFIGHTERS' RETIREMENT FUND**

Valuation Date: October 1, 2021

Notes: Actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method: Entry Age Normal Actuarial Cost Method

Mortality rates:

Healthy lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year

Disabled lives:

Female: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Male: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees

Interest rate: 7.00% per year compounded annually, net of investment related expenses

Disability rate: See table below; it is assumed that 75% of disablements and active Member deaths are service related.

Termination rate: See table below; assumed rates were approved in conjunction with an actuarial experience study dated June 2017.

Salary increases: See table below; assumed rates were approved in conjunction with an actuarial experience study dated June 2017.

Cost-of-living increase: 3.00% per year beginning at age 58

Payroll growth: 1.49% per year, in compliance with Part VII of Chapter 112, Florida Statutes

Actuarial asset method: All assets are valued at fair value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual fair value investment return against expected fair value investment return) over a five-year period.

Salary increases:	<u>Service Years</u>	<u>Increase</u>
	0	12.0%
	1-9	6.0%
	10+	5.0%

**CITY OF FORT WALTON BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED) – CONTINUED
FIREFIGHTERS’ RETIREMENT FUND**

Disability rate:	<u>Age</u>	<u>Disability Rate</u>
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
	55	1.55%
	60	2.09%
	65	2.09%

Termination rate:	<u>Service Years</u>	<u>Termination Rate</u>
	0	13.0%
	1	12.0%
	2	11.0%
	3	10.0%
	4	9.0%
	5	8.0%
	6	7.0%
	7	6.5%
	8	6.0%
	9	5.5%
	10	5.0%
	11	4.5%
	12+	4.0%

Retirement age:	<u>Member Age</u>	<u>Retirement Probability</u>
	45 - 54	3.0%
	55+	100.0%

In addition to the above table, 100% are assumed to retire upon completion of 25 years of service. The assumed rates in this table were approved in conjunction with an actuarial experience study dated June 2017.

**CITY OF FORT WALTON BEACH, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2023**

	Special Revenue Funds						
	Law Enforcement Trust	Law Enforcement Trust Training	Florida Building Code	Community Development Block Grant	Beal Memorial Cemetery Perpetual Care	Debt Service	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 210,762	\$ 30,009	\$ 1,415,249	\$ -	\$ 160,685	\$ -	\$ 1,816,705
Investments	-	-	-	-	3,657,073	-	3,657,073
Receivables	-	-	-	-	30	-	30
Due from other governments	18,825	-	-	76,132	-	-	94,957
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	21,156	21,156
TOTAL ASSETS	\$ 229,587	\$ 30,009	\$ 1,415,249	\$ 76,132	\$ 3,817,788	\$ 21,156	\$ 5,589,921
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 5,755	\$ 28,463	\$ 3,272	\$ -	\$ 37,490
Accrued liabilities	85,569	-	16,989	-	-	-	102,558
Due to other funds	-	-	-	67,451	-	-	67,451
Total liabilities	85,569	-	22,744	95,914	3,272	-	207,499
FUND BALANCE							
Restricted	144,018	30,009	1,392,505	-	-	21,156	1,587,688
Committed	-	-	-	-	3,814,516	-	3,814,516
Unassigned	-	-	-	(19,782)	-	-	(19,782)
Total fund balance	144,018	30,009	1,392,505	(19,782)	3,814,516	21,156	5,382,422
TOTAL LIABILITIES AND FUND BALANCE	\$ 229,587	\$ 30,009	\$ 1,415,249	\$ 76,132	\$ 3,817,788	\$ 21,156	\$ 5,589,921

CITY OF FORT WALTON BEACH, FLORIDA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds						
	Law Enforcement Trust	Law Enforcement Trust Training	Florida Building Code	Community Development Block Grant	Beal Memorial Cemetery Perpetual Care	Debt Service	Total Nonmajor Governmental Funds
REVENUES							
Permits and fees	\$ -	\$ -	\$ 804,189	\$ -	\$ -	\$ -	\$ 804,189
Intergovernmental	22,910	-	-	251,792	-	-	274,702
Fines	38,530	7,823	-	-	-	-	46,353
Investment income	-	-	-	-	352,299	-	352,299
Miscellaneous	2,353	291	14,827	-	3,184	-	20,655
Total revenues	63,793	8,114	819,016	251,792	355,483	-	1,498,198
EXPENDITURES							
Current							
Public safety	26,629	-	601,859	-	-	-	628,488
Physical environment	-	-	-	-	11,098	-	11,098
Economic environment	-	-	-	251,792	-	-	251,792
Capital outlay	-	-	39,739	-	-	-	39,739
Debt service							
Principal	-	-	-	-	-	1,749,218	1,749,218
Interest	-	-	-	-	-	657,643	657,643
Total expenditures	26,629	-	641,598	251,792	11,098	2,406,861	3,337,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	37,164	8,114	177,418	-	344,385	(2,406,861)	(1,839,780)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	34,618	2,406,861	2,441,479
Total other financing sources	-	-	-	-	34,618	2,406,861	2,441,479
NET CHANGE IN FUND BALANCE	37,164	8,114	177,418	-	379,003	-	601,699
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	106,854	21,895	1,215,087	(19,782)	3,435,513	21,156	4,780,723
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 144,018	\$ 30,009	\$ 1,392,505	\$ (19,782)	\$ 3,814,516	\$ 21,156	\$ 5,382,422

**CITY OF FORT WALTON BEACH, FLORIDA
LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 49,077	\$ 22,910	\$ (26,167)
Fines	-	-	38,530	38,530
Miscellaneous	2,309	2,309	2,353	44
Total revenues	2,309	51,386	63,793	12,407
EXPENDITURES				
Current				
Public safety	12,173	61,250	26,629	34,621
Capital outlay	-	-	-	-
Total expenditures	12,173	61,250	26,629	34,621
NET CHANGE IN FUND BALANCE	(9,864)	(9,864)	37,164	47,028
FUND BALANCE AT BEGINNING OF YEAR	9,864	9,864	106,854	96,990
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,018</u>	<u>\$ 144,018</u>

**CITY OF FORT WALTON BEACH, FLORIDA
LAW ENFORCEMENT TRUST TRAINING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines	\$ 400	\$ 400	\$ 7,823	\$ 7,423
Miscellaneous	100	100	291	191
Total revenues	500	500	8,114	7,614
EXPENDITURES				
Current				
Public safety	500	500	-	500
Total expenditures	500	500	-	500
NET CHANGE IN FUND BALANCE	-	-	8,114	8,114
FUND BALANCE AT BEGINNING OF YEAR	-	-	21,895	21,895
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,009</u>	<u>\$ 30,009</u>

**CITY OF FORT WALTON BEACH, FLORIDA
FLORIDA BUILDING CODE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Permits and fees	\$ 624,152	\$ 624,152	\$ 804,189	\$ 180,037
Miscellaneous	500	500	14,827	14,327
Total revenues	<u>624,652</u>	<u>624,652</u>	<u>819,016</u>	<u>194,364</u>
EXPENDITURES				
Current				
Public safety	641,025	641,025	601,859	39,166
Capital outlay	<u>29,891</u>	<u>29,891</u>	<u>39,739</u>	<u>(9,848)</u>
Total expenditures	<u>670,916</u>	<u>670,916</u>	<u>641,598</u>	<u>29,318</u>
NET CHANGE IN FUND BALANCE	(46,264)	(46,264)	177,418	223,682
FUND BALANCE AT BEGINNING OF YEAR	<u>46,264</u>	<u>46,264</u>	<u>1,215,087</u>	<u>1,168,823</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,392,505</u>	<u>\$ 1,392,505</u>

**CITY OF FORT WALTON BEACH, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 142,827	142,827	\$ 251,792	\$ 108,965
Total revenues	142,827	142,827	251,792	108,965
EXPENDITURES				
Current				
Economic environment	232,303	232,303	251,792	(19,489)
Total expenditures	232,303	232,303	251,792	(19,489)
NET CHANGE IN FUND BALANCE	(89,476)	(89,476)	-	89,476
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	89,476	89,476	(19,782)	(109,258)
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ -	\$ (19,782)	\$ (19,782)

CITY OF FORT WALTON BEACH, FLORIDA
BEAL MEMORIAL CEMETERY PERPETUAL CARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	\$ -	\$ -	\$ 352,299	\$ 352,299
Miscellaneous	300	300	3,184	2,884
Total revenues	300	300	355,483	355,183
EXPENDITURES				
Current				
Physical environment	14,919	14,919	11,098	3,821
EXCESS OF REVENUES OVER EXPENDITURES	(14,619)	(14,619)	344,385	359,004
OTHER FINANCING SOURCES (USES)				
Transfers in	38,400	38,400	34,618	(3,782)
Transfers out	(49,680)	(766,377)	-	766,377
Total other financing sources (uses)	(11,280)	(727,977)	34,618	762,595
NET CHANGE IN FUND BALANCE	(25,899)	(742,596)	379,003	1,121,599
FUND BALANCE AT BEGINNING OF YEAR	46,297	762,994	3,435,513	2,672,519
FUND BALANCE AT END OF YEAR	\$ 20,398	\$ 20,398	\$ 3,814,516	\$ 3,794,118

**CITY OF FORT WALTON BEACH, FLORIDA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service				
Principal	1,993,611	1,993,611	1,749,218	244,393
Interest	287,571	287,571	657,643	(370,072)
Total expenditures	2,281,182	2,281,182	2,406,861	(125,679)
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,281,182)	(2,281,182)	(2,406,861)	(125,679)
OTHER FINANCING SOURCES				
Transfers in	2,281,182	2,281,182	2,406,861	125,679
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-	21,156	21,156
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 21,156	\$ 21,156

III. STATISTICAL SECTION (UNAUDITED)

This section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, and note disclosures say about the City's overall financial Health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive and annual financial reports for the relevant year.*

City of Fort Walton Beach, Florida
SCHEDULE 1
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(full accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 24,866,399	\$ 27,443,877	\$ 27,791,054	\$ 27,347,098	\$ 29,375,380	\$ 28,280,342	\$ 28,266,271	\$ 28,034,343	\$ 28,661,006	\$ 31,498,779
Restricted										
Debt service	25,449	25,449	21,156	21,156	26	-	21,156	21,156	21,156	21,156
Improvement Districts	4,073,364	1,874,265	1,437,363	1,552,484	1,812,525	1,691,456	3,060,014	4,133,412	5,234,216	6,225,881
Public safety	565,946	507,625	536,448	426,892	468,331	673,892	879,583	1,060,646	1,343,836	1,566,532
Other purposes	172,630	187,575	165,895	93,456	66,707	1,370,446	2,248,298	3,784,023	5,776,594	7,243,110
Unrestricted	10,700,661	159,868	2,158,813	(1,447,438)	(2,667,720)	(377,793)	4,171,642	8,279,303	8,070,651	10,278,765
Total governmental activities net position	<u>\$ 40,404,449</u>	<u>\$ 30,198,659</u>	<u>\$ 32,110,729</u>	<u>\$ 27,993,648</u>	<u>\$ 29,055,249</u>	<u>\$ 31,638,343</u>	<u>\$ 38,646,964</u>	<u>\$ 45,312,883</u>	<u>\$ 49,107,459</u>	<u>\$ 56,834,223</u>
Business-Type Activities										
Net investment in capital assets	\$ 13,779,184	\$ 12,886,793	\$ 12,893,855	\$ 13,818,340	\$ 13,829,575	\$ 13,678,160	\$ 14,566,978	\$ 14,023,752	\$ 13,422,691	\$ 15,556,733
Restricted										
Debt service	1,082,935	157,228	157,228	157,228	157,228	157,228	157,228	157,228	157,228	157,228
System improvements	367,263	382,734	404,761	452,472	440,212	454,564	465,123	476,154	463,361	434,824
Unrestricted	9,658,709	10,656,992	11,118,844	11,731,659	12,252,058	14,010,607	14,639,462	15,561,538	15,699,234	14,439,484
Total business-type activities net position	<u>\$ 24,888,091</u>	<u>\$ 24,083,747</u>	<u>\$ 24,574,688</u>	<u>\$ 26,159,699</u>	<u>\$ 26,679,073</u>	<u>\$ 28,300,559</u>	<u>\$ 29,828,791</u>	<u>\$ 30,218,672</u>	<u>\$ 29,742,514</u>	<u>\$ 30,588,269</u>
Primary Government										
Net investment in capital assets	\$ 38,645,583	\$ 40,330,670	\$ 40,684,909	\$ 41,165,438	\$ 43,204,955	\$ 41,958,502	\$ 42,833,249	\$ 42,058,095	\$ 42,083,697	\$ 47,055,512
Restricted	6,287,587	3,134,876	2,722,851	2,703,688	2,945,029	4,347,586	6,831,402	9,632,619	12,996,391	15,648,731
Unrestricted	20,359,370	10,816,860	13,277,657	10,284,221	9,584,338	13,632,814	18,811,104	23,840,841	23,769,885	24,718,249
Total primary government net position	<u>\$ 65,292,540</u>	<u>\$ 54,282,406</u>	<u>\$ 56,685,417</u>	<u>\$ 54,153,347</u>	<u>\$ 55,734,322</u>	<u>\$ 59,938,902</u>	<u>\$ 68,475,755</u>	<u>\$ 75,531,555</u>	<u>\$ 78,849,973</u>	<u>\$ 87,422,492</u>

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Fort Walton Beach, Florida
SCHEDULE 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(full accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	\$ 3,179,768	\$ 2,735,875	\$ 3,285,039	\$ 3,581,072	\$ 3,799,439	\$ 3,559,619	\$ 4,182,204	\$ 4,222,810	\$ 4,318,011	\$ 5,321,980
Public safety	9,685,621	9,562,140	10,172,215	11,507,059	11,420,904	11,159,777	12,040,368	13,746,451	14,020,586	19,077,377
Physical environment	392,255	379,334	430,490	543,287	505,458	519,126	497,072	547,701	531,268	531,784
Transportation	1,495,374	1,474,209	1,494,178	1,536,979	1,401,819	1,406,227	1,268,589	1,253,402	1,401,797	1,385,178
Economic environment	803,175	1,813,782	1,540,230	1,591,643	1,174,794	1,412,332	1,317,571	1,131,722	1,194,625	1,217,467
Culture and recreation	4,829,004	4,601,503	5,375,183	5,403,198	5,538,881	5,781,339	5,999,273	5,990,714	6,103,857	6,545,449
Debt service interest	483,301	340,497	323,639	304,331	291,590	664,131	727,034	700,924	716,930	728,062
Total government activities	20,868,498	20,907,340	22,620,974	24,467,569	24,132,885	24,502,551	26,032,111	27,593,724	28,287,074	34,807,297
Business-type activities										
Utilities	9,185,338	9,205,259	10,066,769	9,420,248	9,810,437	9,961,949	9,315,619	10,574,909	10,480,961	10,003,984
Sanitation	3,393,269	3,319,760	3,407,992	3,687,087	3,774,624	3,720,984	3,824,136	3,996,753	4,142,106	4,774,632
Stormwater	439,191	460,314	611,351	681,541	727,282	762,181	764,925	1,040,698	1,035,826	967,922
Total business-type activities	13,020,013	12,985,333	14,086,112	13,788,876	14,312,343	14,445,114	13,904,680	15,612,360	15,658,893	15,746,538
Total primary government expenses	\$ 33,888,511	\$ 33,892,673	\$ 36,707,086	\$ 38,256,445	\$ 38,445,228	\$ 38,947,665	\$ 39,936,791	\$ 43,206,084	\$ 43,945,967	\$ 50,553,835
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 476,824	\$ 421,987	\$ 421,503	\$ 448,911	\$ 434,820	\$ 508,494	\$ 532,475	\$ 550,688	\$ 354,235	\$ 291,558
Public safety	495,111	490,379	523,163	570,556	532,536	643,944	1,440,937	1,883,415	2,204,959	2,296,942
Physical environment	376,998	409,253	371,205	399,338	387,821	414,695	415,266	724,582	535,838	486,857
Transportation	140,038	140,809	207,860	240,653	246,164	252,418	258,883	270,779	288,888	198,547
Economic environment	10	5,000	392,118	12,000	-	21,300	36,701	51,039	46,413	47,806
Culture and recreation	1,853,087	1,930,131	1,805,332	1,846,019	2,078,405	2,171,484	2,095,326	2,572,448	2,787,760	3,076,149
Operating grants and contributions	682,200	909,461	908,595	825,624	706,094	765,032	4,049,001	2,348,391	1,460,346	1,866,820
Capital grants and contributions	109,629	525,320	802,809	361,641	1,487,587	37,406	232,491	186,874	125,832	1,251,331
Total governmental activities program revenues	4,133,897	4,832,340	5,432,585	4,704,742	5,873,427	4,814,773	9,061,080	8,588,216	7,804,271	9,516,010
Business-type activities										
Charges for services										
Utilities	8,586,045	9,233,820	10,141,724	10,970,823	10,737,496	11,390,289	11,356,045	11,856,685	11,944,833	11,790,008
Sanitation	3,571,037	3,582,005	3,599,838	3,663,445	3,774,519	3,871,204	3,934,207	4,381,765	4,824,130	5,018,548
Stormwater	596,133	694,581	860,644	917,844	975,805	1,027,310	1,035,033	1,035,527	1,037,228	1,036,590
Capital grants and contributions	(157,294)	87,797	533,515	1,314,521	151,049	93,282	211,962	89,963	46,063	122,670
Total business-type activities program revenues	12,595,921	13,598,203	15,135,721	16,866,633	15,638,869	16,382,085	16,537,247	17,363,940	17,852,254	17,967,816
Total primary government program revenues	\$ 16,729,818	\$ 18,430,543	\$ 20,568,306	\$ 21,571,375	\$ 21,512,296	\$ 21,196,858	\$ 25,598,327	\$ 25,952,156	\$ 25,656,525	\$ 27,483,826

Continued...

City of Fort Walton Beach, Florida
SCHEDULE 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(full accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (16,734,601)	\$ (16,075,000)	\$ (17,188,389)	\$ (19,762,827)	\$ (18,259,458)	\$ (19,687,778)	\$ (16,971,031)	\$ (19,005,508)	\$ (20,482,803)	\$ (25,291,287)
Business-type activities	(424,092)	612,870	1,049,609	3,077,757	1,326,526	1,936,971	2,632,567	1,751,580	2,193,361	2,221,278
Total primary government	<u>\$ (17,158,693)</u>	<u>\$ (15,462,130)</u>	<u>\$ (16,138,780)</u>	<u>\$ (16,685,070)</u>	<u>\$ (16,932,932)</u>	<u>\$ (17,750,807)</u>	<u>\$ (14,338,464)</u>	<u>\$ (17,253,928)</u>	<u>\$ (18,289,442)</u>	<u>\$ (23,070,009)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 5,385,235	\$ 5,473,438	\$ 5,617,998	\$ 5,807,598	\$ 6,041,303	\$ 6,416,668	\$ 6,573,751	\$ 6,608,861	\$ 7,025,573	\$ 7,618,352
Sales taxes	2,362,190	2,557,062	2,707,153	2,792,840	2,941,301	4,335,114	4,940,279	6,021,460	6,401,055	6,142,151
Utility service taxes	3,889,976	4,036,009	3,931,939	3,962,859	4,182,026	4,045,085	4,024,523	4,136,505	4,294,415	4,515,669
Tax Increments for Redevelopment district	1,501,208	1,552,560	1,628,439	1,649,589	1,811,121	1,893,803	2,369,529	2,320,213	2,404,122	2,668,386
Franchise fees	2,004,101	2,162,617	2,202,420	2,034,209	2,131,104	2,084,717	2,070,302	2,146,088	2,355,837	2,415,585
Intergovernmental, unrestricted	819,556	896,837	910,615	981,613	1,009,901	1,034,884	978,949	1,101,020	1,374,067	1,407,882
Gain on sale of assets	520,152	524,720	873,101	-	-	66,523	158,530	740,344	39,877	4,740,578
Miscellaneous	103,986	199,776	27,976	157,806	93,106	77,264	44,913	93,227	83,470	72,967
Investment earnings (losses)	345,734	272,076	444,972	414,160	263,824	1,225,235	1,071,190	743,927	(1,498,120)	1,638,716
Transfers	2,851,638	657,558	755,846	761,739	847,373	1,091,579	1,747,686	1,759,782	1,797,083	1,797,765
Total governmental activities	<u>19,783,776</u>	<u>18,332,653</u>	<u>19,100,459</u>	<u>18,562,413</u>	<u>19,321,059</u>	<u>22,270,872</u>	<u>23,979,652</u>	<u>25,671,427</u>	<u>24,277,379</u>	<u>33,018,051</u>
Business-type activities										
Gain on sale of assets	22,813	716	26,093	32,663	14,258	44,914	16,801	260,579	-	50,435
Miscellaneous	6,839	9,222	5,502	27,727	16,575	17,671	1,551	105,520	4,088	1,580
Investment earnings (losses)	55,669	159,761	165,583	85,567	9,388	713,509	624,999	31,984	(876,524)	370,227
Transfers	(2,851,638)	(657,558)	(755,846)	(761,739)	(847,373)	(1,091,579)	(1,747,686)	(1,759,782)	(1,797,083)	(1,797,765)
Total business-type activities	<u>(2,766,317)</u>	<u>(487,859)</u>	<u>(558,668)</u>	<u>(615,782)</u>	<u>(807,152)</u>	<u>(315,485)</u>	<u>(1,104,335)</u>	<u>(1,361,699)</u>	<u>(2,669,519)</u>	<u>(1,375,523)</u>
Total primary government	<u>\$ 17,017,459</u>	<u>\$ 17,844,794</u>	<u>\$ 18,541,791</u>	<u>\$ 17,946,631</u>	<u>\$ 18,513,907</u>	<u>\$ 21,955,387</u>	<u>\$ 22,875,317</u>	<u>\$ 24,309,728</u>	<u>\$ 21,607,860</u>	<u>\$ 31,642,528</u>
Change in Net Position										
Governmental activities	\$ 3,049,175	\$ 2,257,653	\$ 1,912,070	\$ (1,200,414)	\$ 1,061,601	\$ 2,583,094	\$ 7,008,621	\$ 6,665,919	\$ 3,794,576	\$ 7,726,764
Business-type activities	(3,190,409)	125,011	490,941	2,461,975	519,374	1,621,486	1,528,232	389,881	(476,158)	845,755
Total primary government	<u>\$ (141,234)</u>	<u>\$ 2,382,664</u>	<u>\$ 2,403,011</u>	<u>\$ 1,261,561</u>	<u>\$ 1,580,975</u>	<u>\$ 4,204,580</u>	<u>\$ 8,536,853</u>	<u>\$ 7,055,800</u>	<u>\$ 3,318,418</u>	<u>\$ 8,572,519</u>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Note: Beginning in FY13, Cost Allocations were reported as expense reductions in General Government - in prior years they were reported as transfers.

Note: Beginning in FY14, the Golf Enterprise Fund was transferred into the General Fund.

City of Fort Walton Beach, Florida
SCHEDULE 3
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nondisposable	\$ 262,964	\$ 249,732	\$ 240,865	\$ 245,181	\$ 250,315	\$ 269,837	\$ 286,427	\$ 259,960	\$ 284,342	\$ 311,357
Restricted	4,083,267	183,512	163,817	93,456	66,707	4,497,485	2,248,298	5,712,331	6,164,287	7,243,110
Committed	5,589,056	5,761,221	6,009,523	6,687,557	6,663,230	8,019,062	8,045,739	8,649,189	10,409,244	11,556,463
Assigned	1,584,887	1,396,207	1,198,378	1,891,555	1,913,861	2,341,510	2,184,202	3,908,571	3,096,152	9,590,863
Unassigned	1,300,881	2,225,633	4,356,681	3,561,586	2,282,375	3,291,695	8,218,150	8,845,558	7,300,353	4,983,996
Total general fund	<u>\$ 12,821,055</u>	<u>\$ 9,816,305</u>	<u>\$ 11,969,264</u>	<u>\$ 12,479,335</u>	<u>\$ 11,176,488</u>	<u>\$ 18,419,589</u>	<u>\$ 20,982,816</u>	<u>\$ 27,375,609</u>	<u>\$ 27,254,378</u>	<u>\$ 33,685,789</u>
All Other Governmental Funds										
Nondisposable	\$ 798	\$ 848	\$ 1,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,663,961	2,410,554	1,995,283	2,000,532	2,280,882	2,365,348	3,960,753	5,215,214	6,599,208	7,813,569
Committed	2,249,720	2,259,756	2,467,828	2,739,865	2,974,049	3,120,593	3,451,682	4,154,232	3,435,513	3,814,516
Unassigned	(6,231)	-	-	(5,861)	(19,270)	(31,326)	(17,483)	(19,782)	(19,782)	(19,782)
Total all other governmental funds	<u>\$ 6,908,248</u>	<u>\$ 4,671,158</u>	<u>\$ 4,464,873</u>	<u>\$ 4,734,536</u>	<u>\$ 5,235,661</u>	<u>\$ 5,454,615</u>	<u>\$ 7,394,952</u>	<u>\$ 9,349,664</u>	<u>\$ 10,014,939</u>	<u>\$ 11,608,303</u>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Fort Walton Beach, Florida
SCHEDULE 4
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 11,537,812	\$ 11,837,177	\$ 11,941,311	\$ 12,220,392	\$ 12,741,642	\$ 13,101,370	\$ 13,441,866	\$ 13,705,445	\$ 14,378,360	\$ 15,344,155
Licenses, permits, and fees	2,392,487	2,564,079	2,623,810	2,514,178	2,586,035	2,659,200	3,475,389	4,102,640	4,471,993	4,722,748
Intergovernmental	3,376,079	3,951,367	4,322,696	4,266,425	4,880,937	5,516,224	9,870,743	9,094,488	8,760,009	10,169,568
Charges for services	2,373,486	2,499,107	2,402,801	2,488,384	2,739,021	2,868,887	2,757,191	3,461,193	3,628,960	3,743,367
Fines and forfeits	133,645	131,020	121,513	127,406	101,378	94,578	93,827	77,476	117,291	237,061
Investment income (losses)	-	-	-	-	-	-	-	-	(1,939,598)	1,102,761
Miscellaneous	827,526	1,142,936	935,821	1,042,958	819,264	1,770,325	1,561,538	1,358,329	910,757	1,008,493
Total Revenues	20,641,035	22,125,686	22,347,952	22,659,743	23,868,277	26,010,584	31,200,554	31,799,571	30,327,772	36,328,153
Expenditures										
General governmental services	2,891,275	2,813,835	3,017,374	3,228,767	3,631,410	3,377,241	3,620,756	3,632,924	3,737,220	4,407,665
Public safety	9,082,876	9,080,984	9,053,178	9,913,344	10,584,430	10,157,745	11,255,650	12,988,274	14,189,424	14,867,714
Physical environment	325,864	339,596	337,831	372,552	425,472	439,446	440,769	491,526	484,405	445,217
Transportation	867,730	862,712	852,602	890,762	762,058	824,349	723,669	741,097	890,333	938,417
Economic environment	745,586	1,730,631	1,432,788	1,468,393	1,045,687	1,282,063	1,182,887	945,657	1,006,864	1,026,839
Culture and recreation	3,744,452	4,122,310	4,196,979	4,170,787	4,477,927	4,685,690	4,929,243	4,924,696	4,880,270	5,170,888
Capital outlay	4,721,096	8,128,139	2,105,686	1,598,285	3,574,823	10,498,028	4,546,491	2,823,402	3,827,661	6,018,951
Debt service										
Principal	612,996	660,107	673,851	682,229	718,320	698,381	1,084,666	1,203,619	1,871,562	2,488,022
Interest and other costs	377,574	354,544	336,835	316,629	297,245	547,165	734,680	708,959	725,016	682,916
Total expenditures	23,369,449	28,092,858	22,007,124	22,641,748	25,517,372	32,510,108	28,518,811	28,460,154	31,612,755	36,046,629
Excess of revenue over (under) expenditures	(2,728,414)	(5,967,172)	340,828	17,995	(1,649,095)	(6,499,524)	2,681,743	3,339,417	(1,284,983)	281,524
Other Financing Sources (Uses)										
Proceeds from financing contracts	-	67,774	-	-	-	350,000	74,135	-	-	304,825
Proceeds from issuance of leases	-	-	-	-	-	-	-	-	31,944	-
Proceeds from issuance of subscription liabilities	-	-	-	-	-	-	-	-	-	971,904
Transfers in	1,636,165	1,721,632	1,798,184	1,794,419	1,868,634	2,353,906	3,620,644	3,723,288	4,217,403	4,239,244
Transfers out	(1,241,454)	(1,064,074)	(1,042,338)	(1,032,680)	(1,021,261)	(1,262,327)	(1,872,958)	(1,963,506)	(2,420,320)	(2,441,479)
Sale of general capital assets	-	-	850,000	-	-	-	-	748,986	-	4,668,757
Debt issuance	-	-	-	-	-	12,520,000	-	2,499,320	-	-
Total other financing sources (uses)	394,711	725,332	1,605,846	761,739	847,373	13,961,579	1,821,821	5,008,088	1,829,027	7,743,251
Net change in fund balance	\$ (2,333,703)	\$ (5,241,840)	\$ 1,946,674	\$ 779,734	\$ (801,722)	\$ 7,462,055	\$ 4,503,564	\$ 8,347,505	\$ 544,044	\$ 8,024,775
Debt service as a percentage of noncapital expenditures	5.31%	5.08%	5.08%	4.75%	4.63%	5.66%	7.59%	7.46%	9.35%	10.56%

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Note: Beginning in FY14, the Golf Enterprise Fund was transferred into the General Fund.

Note: Beginning in FY22, the City implemented GASB Statement No. 87, *Leases*

Note: Beginning in FY22, the City began separately reporting investment income (looses) from other miscellaneous revenues

Note: Beginning in FY23, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

City of Fort Walton Beach, Florida
SCHEDULE 5
REVENUES AND OTHER SOURCES ⁽¹⁾
Last Ten Fiscal Years
Unaudited

Fiscal Year	Taxes	Licenses, Fees, and Permits	Intergovernmental Revenues	Charges for Services	Fines and Forfeitures	Investment Income (Losses) and Other Revenues	Other Financing Sources	TOTAL
2023	\$ 15,344,155	\$ 4,722,748	\$ 10,169,568	\$ 3,743,367	\$ 237,061	\$ 2,111,254	\$ 7,743,251	\$ 44,071,404
2022	14,378,360	4,471,993	8,760,009	3,628,960	117,291	(1,028,841)	1,829,027	32,156,799
2021	13,705,445	4,102,640	9,094,488	3,461,193	77,476	1,358,329	5,008,088	36,807,659
2020	13,441,866	3,475,389	9,870,743	2,757,191	93,827	1,561,538	1,821,821	33,022,375
2019	13,101,370	2,659,200	5,516,224	2,868,887	94,578	1,770,325	15,223,906	41,234,490
2018	12,741,642	2,586,035	4,880,937	2,739,021	101,378	819,264	1,868,634	25,736,911
2017	12,220,392	2,514,178	4,266,425	2,488,384	127,406	1,042,958	1,794,419	24,454,162
2016	11,941,311	2,623,810	4,322,696	2,402,801	121,513	935,821	2,648,184	24,996,136
2015	11,837,177	2,564,079	3,951,367	2,499,107	131,020	1,142,936	1,789,406	23,915,092
2014	11,537,812	2,392,487	3,376,079	2,373,486	133,645	827,526	1,636,165	22,277,200

⁽¹⁾ Includes General Fund, LETFs, CDBG Fund, FBC Fund, CRA Fund, Debt Service Fund, and Beal Memorial Cemetery Fund

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Note: Beginning in FY14, the Golf Enterprise Fund was transferred into the General Fund.

City of Fort Walton Beach, Florida
SCHEDULE 6
ASSESSED VALUE OF TAXABLE PROPERTY ⁽¹⁾
Last Ten Fiscal Years
Unaudited

Tax Year	Real Property	Personal Property	Total Assessed Value	Exemptions	Assessed Value for Operations	Total Direct Tax Rate
2023	\$ 2,491,514,381	\$ 165,274,982	\$ 2,656,789,363	\$ 572,446,316	\$ 2,084,343,047	4.6116
2022	2,284,074,540	134,039,029	2,418,113,569	531,246,048	1,886,867,521	4.9999
2021	2,029,638,016	127,094,869	2,156,732,885	519,837,310	1,636,895,575	5.3293
2020	1,932,732,538	121,764,835	2,054,497,373	509,515,431	1,544,981,942	5.3293
2019	1,824,002,582	118,539,677	1,942,542,259	493,474,028	1,449,068,231	5.6395
2018	1,717,941,745	113,382,574	1,831,324,319	477,406,649	1,353,917,670	5.7697
2017	1,622,927,933	117,555,021	1,740,482,954	462,721,193	1,277,761,761	5.7697
2016	1,569,650,612	113,113,590	1,682,764,202	458,344,109	1,224,420,093	5.7697
2015	1,521,529,660	112,451,954	1,633,981,614	448,170,536	1,185,811,078	5.7697
2014	1,475,665,054	108,533,120	1,584,198,174	434,639,300	1,149,558,874	5.7697

⁽¹⁾ Florida State Law requires all property to be assessed at current fair market.
The January 2021 assessment is the basis for Fiscal Year 2021-22 tax revenues.

Source: Okaloosa County Property Appraiser

City of Fort Walton Beach, Florida
SCHEDULE 7
PROPERTY TAX RATES PER \$1,000 OF TAXABLE VALUE - ALL DIRECT AND OVERLAPPING GOVERNMENTS ⁽¹⁾
Last Ten Fiscal Years
Unaudited

City of Fort Walton Beach Direct Rate			Overlapping Rates*			
Year ⁽¹⁾	Basic Rate	Total Direct Rate	Okaloosa County	Okaloosa County School Board	Northwest Florida Water Management	Total Overlapping Rates
2023	4.6116	4.6116	3.8308	5.4770	0.0234	9.3312
2022	4.9999	4.9999	3.8308	5.5790	0.0261	9.4359
2021	5.3293	5.3293	3.8308	5.9430	0.0294	9.8032
2020	5.3293	5.3293	3.8308	6.0350	0.0311	9.8969
2019	5.6395	5.6395	3.8308	6.2060	0.0327	10.0695
2018	5.7697	5.7697	3.8308	6.3610	0.0338	10.2256
2017	5.7697	5.7697	3.8308	6.5880	0.0353	10.4541
2016	5.7697	5.7697	3.4308	6.9070	0.0366	10.3744
2015	5.7697	5.7697	3.4308	7.2790	0.0378	10.7476
2014	5.7697	5.7697	3.4308	7.4410	0.0390	10.9108

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

The 2023 millage rate is the basis for fiscal year 2023-24 tax revenues.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Fort Walton Beach

Source: Okaloosa County Tax Collector

City of Fort Walton Beach, Florida
SCHEDULE 8
PRINCIPAL TAXPAYERS
Unaudited

Taxpayer	2023			2014			
	Total Assessed Value	Percentage	Rank	Total Assessed Value	Percentage	Rank	
Florida Power & Light Co.	\$ 37,074,961	1.78%	1	\$ 17,924,703	1.56%	1	Florida Power & Light Co. (Gulf Power Co.)
Suso 2 Uptown, LP	20,210,337	0.97%	2	14,293,746	1.24%	2	Suso 2 Uptown, LP
KAGR Fort Walton 1005 LLC	12,163,269	0.58%	3	6,090,252	0.53%	3	Fort Walton Machining, Inc.
FWB Greens LLC	11,868,002	0.57%	4	6,071,539	0.53%	4	Cox Communications Gulf Coast, LLC
Extra Space Properties Two LLC	10,734,992	0.52%	5	5,874,093	0.51%	5	Pacifica Walton Beach, LLC
BAE Systems Technology	10,476,187	0.50%	6	5,832,398	0.51%	6	99 Eglin, LTD
J2 Development LLC	10,314,265	0.49%	7	5,207,740	0.45%	7	Embarq Corp.
WIM-FWB RI LLC	9,868,692	0.47%	8	4,841,868	0.42%	8	HSU Paul S & Majes
Pacifica Walton Beach LLC	9,702,970	0.47%	9	4,776,715	0.42%	9	DRS Training and Control
Cox Communications Gulf Coast, LLC	8,556,141	0.41%	10	4,677,929	0.41%	10	FNBT.com Bank
Total Taxable Assessed Value of Principal Taxpayers	140,969,816	6.76%		75,590,983	6.58%		
Total Taxable Assessed Value of Other Taxpayers	1,943,373,231	93.24%		1,073,967,891	93.42%		
Total Taxable Assessed Value	<u>\$ 2,084,343,047</u>	<u>100.00%</u>		<u>\$ 1,149,558,874</u>	<u>100.00%</u>		

⁽¹⁾ The 2023 tax roll is the basis for fiscal year 2023-24 tax revenues.

Source: Okaloosa County Property Appraiser

City of Fort Walton Beach, Florida
SCHEDULE 9
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
Unaudited

Tax Year	Total Tax Levy ⁽¹⁾	Amount of Current Taxes Collected	Percent of Current Taxes Collected	Amount of Delinquent Taxes Collected	Total Collected for the Year	Ratio of Total Taxes Collected to Current Levy	Amount of Delinquent Taxes	Ratio of Delinquent Taxes to Current Levy
2023	The 2023 tax levy is the basis for fiscal year 2023-24 tax revenues.							
2022	\$ 9,451,861	\$ 9,105,332	96.3%	\$ 19,389	\$ 9,124,721	96.5%	\$ 4,244	0.0%
2021	8,739,154	8,419,880	96.3%	21,315	8,441,195	96.6%	9,958	0.1%
2020	8,245,481	7,939,074	96.3%	13,594	7,952,668	96.4%	6,029	0.1%
2019	8,186,794	7,900,798	96.5%	18,327	7,919,125	96.7%	7,490	0.1%
2018	7,822,441	7,526,583	96.2%	20,747	7,547,330	96.5%	3,469	0.0%
2017	7,387,081	7,119,876	96.4%	8,632	7,128,508	96.5%	8,122	0.1%
2016	7,080,530	6,826,718	96.4%	18,798	6,845,517	96.7%	9,696	0.1%
2015	6,858,983	6,606,940	96.3%	30,392	6,637,332	96.8%	8,058	0.1%
2014	6,656,342	6,414,562	96.4%	31,452	6,446,014	96.8%	3,604	0.1%

⁽¹⁾ Includes discount taken for early payment of taxes (maximum of 4%).

Source: Okaloosa County Tax Collector

City of Fort Walton Beach, Florida
SCHEDULE 10
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
Unaudited

Fiscal Year	Governmental Activities						Business Activities						Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds	Lease Liabilities	Subscription Liabilities	Financing Contracts	Revenue Notes	Revenue Bonds	General Obligation Bonds	Lease Liabilities	Revenue Notes	State Revolving Loans	Revenue Bonds				
2023	\$ -	\$ 193,047	\$ 1,714,631	\$ 536,581	\$ 7,922,834	\$ 10,950,732	\$ -	\$ 166,017	\$ 5,683,000	\$ 9,704,126	\$ -	\$ 36,870,968	0.28%	1,745.78	
2022	-	393,186	-	600,745	8,888,359	11,365,436	-	190,610	6,167,000	10,452,433	-	38,057,769	0.30%	1,811.33	
2021	-	-	-	944,447	9,828,934	11,764,842	-	-	6,637,000	11,186,723	-	40,361,946	0.35%	1,926.77	
2020	-	-	-	67,035	9,025,971	12,149,516	-	-	7,093,000	11,907,259	-	40,242,781	0.38%	1,910.50	
2019	-	-	-	6,681	9,726,372	12,520,000	-	-	7,537,000	12,614,297	-	42,404,350	0.42%	2,025.04	
2018	-	-	-	42,217	10,408,945	-	-	-	7,968,000	13,308,089	-	31,727,251	0.33%	1,523.15	
2017	-	-	-	76,099	11,073,656	-	-	-	8,387,000	13,988,885	-	33,525,640	0.37%	1,605.17	
2016	-	-	-	106,653	11,725,331	-	-	-	8,794,000	14,656,929	-	35,282,913	0.40%	1,689.88	
2015	-	-	-	134,249	12,371,587	-	-	-	8,794,000	15,312,458	-	36,612,294	0.43%	1,754.39	
2014	-	-	-	89,654	13,008,515	-	-	-	-	14,004,706	9,640,146	36,743,021	0.45%	1,773.40	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

⁽¹⁾ See Schedule 15 for personal income data.

⁽²⁾ See Schedule 15 for population data.

Note: Beginning in FY22, the City implemented GASB Statement No. 87, *Leases*

Note: Beginning in FY23, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

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

City of Fort Walton Beach, Florida
SCHEDULE 11
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
Unaudited

Fiscal Year	Governmental Activities		Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
	General Obligation Bonds			
2023	\$ -		0.00%	\$ -
2022	-		0.00%	-
2021	-		0.00%	-
2020	-		0.00%	-
2019	-		0.00%	-
2018	-		0.00%	-
2017	-		0.00%	-
2016	-		0.00%	-
2015	-		0.00%	-
2014	-		0.00%	-

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

⁽¹⁾ See Schedule 6 for property value data.

⁽²⁾ See Schedule 15 for population data.

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

City of Fort Walton Beach, Florida
SCHEDULE 12
PLEDGED REVENUE COVERAGE
SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years
Unaudited

Fiscal Year	Non-Ad Valorem Revenues ⁽¹⁾	Average Non-Ad Valorem Revenues Avail. for Debt Service	Debt Service Requirements ⁽²⁾			
			Principal	Interest	Total	Coverage
2023	\$ 44,258,368	\$ 41,571,494	\$ 3,780,566	\$ 1,045,404	\$ 4,825,970	8.61
2022	38,884,619	39,790,234	3,107,726	1,102,464	4,210,190	9.45
2021	40,695,849	39,997,947	2,380,155	1,133,336	3,513,491	11.38
2020	39,300,045	43,467,423	2,235,704	1,185,842	3,421,546	12.70
2019	47,634,800	39,571,847	1,823,173	1,029,403	2,852,576	13.87
2018	31,508,894	29,893,013	1,846,847	803,314	2,650,161	11.28
2017	28,277,131	28,292,306	1,726,719	831,220	2,557,939	11.06
2016	28,307,481	28,537,163	1,301,785	860,023	2,161,808	13.20
2015	28,766,844	27,680,114	962,155	940,698	1,902,853	14.55
2014	26,593,384	26,466,080	890,954	797,317	1,688,271	15.68

⁽¹⁾ Non-Ad Valorem Revenues of General Fund, other governmental funds, and proprietary funds.

⁽²⁾ Combined Debt Service requirements for Capital Improvement Revenue Note Series 2013 & 2013A, Capital Improvement Revenue Bonds, Series 2018, Utility System Revenue Note 2015, SRF Loan, 2011 Revenue Note, Financing Contracts, Leases, and Subscription Liabilities. See Financial Statement Notes for detail.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Fort Walton Beach, Florida
SCHEDULE 13
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Unaudited

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Fort Walton Beach</u>	<u>Amount Applicable to Fort Walton Beach</u>
Overlapping Debt			
Okaloosa County			
Revenue Bonds	\$ 71,779,943	9.69% (2)	\$ 6,957,860
Revenue Notes	19,303,000	9.69% (2)	1,871,102
Financing Contracts	79,341	9.69% (2)	7,691
Okaloosa County School District			
Certificates of Participation	2,463,000	25.45% (1)	626,945
Financing Contracts	97,390,000	25.45% (1)	24,790,182
Lease and Subscription Liabilities	8,450,728	25.45% (1)	2,151,094
Subtotal: Overlapping Debt	<u>199,466,012</u>		<u>36,404,874</u>
Direct Debt			
City of Fort Walton Beach Revenue Bonds & Notes	18,873,566	100.00%	18,873,566
City of Fort Walton Beach Financing Contracts	536,581	100.00%	536,581
City of Fort Walton Beach Lease Liabilities	193,047	100.00%	193,047
City of Fort Walton Beach Subscription Liabilities	1,714,631	100.00%	1,714,631
Subtotal: Direct Debt	<u>21,317,825</u>		<u>21,317,825</u>
Total Direct and Overlapping Debt	<u>\$ 220,783,837</u>		<u>\$ 57,722,699</u>

Source: Okaloosa County, Okaloosa County School Board

(1) Calculation based on total schools in Okaloosa County School District versus schools in Fort Walton Beach.

(2) Calculation based on total population in Okaloosa County versus population in Fort Walton Beach.

City of Fort Walton Beach, Florida
SCHEDULE 14
MAJOR EMPLOYERS
Unaudited

Employer	Product	2023			2014		
		Employees	Percentage of Total Employment	Ranking	Employees	Percentage of Total Employment	Ranking
USAF - Eglin AFB ⁽¹⁾	Air Force Development Test Center	17,040	17.69%	1	19,754	19.46%	1
USAF - Hurlburt AFB ⁽²⁾	Air Force Special Ops Command	13,249	13.75%	2	10,495	10.34%	2
Okaloosa County School District	Education Services	3,495	3.63%	3	3,324	3.27%	3
Walmart	Consumer Products	1,710	1.77%	4			
Fort Walton Beach Medical Center	Medical Services	1,221	1.27%	5	1,000	0.99%	5
Publix (Okaloosa Combined)	Consumer Products	1,050	1.09%	6			
Okaloosa County BCC ⁽³⁾	Local Government Services	903	0.94%	7	1,444	1.42%	4
Northwest Florida State College	Education Services	765	0.79%	8	738	0.73%	10
North Okaloosa Medical Center	Medical Services	737	0.76%	9			
Reliance Test & Technology	Government Contractor	730	0.76%	10			
Jacobs Technology - TEAS Group	Military Technical Support				1,000	0.99%	5
Lockheed Martin	Defense Contractor				800	0.79%	7
L-3 Crestview Aerospace	Military Technical Support				800	0.79%	7
InDyne Inc.	Military Technical Support				800	0.79%	7
		<u>40,900</u>	42.45%		<u>40,155</u>	39.56%	

⁽¹⁾Includes military, civilian, and contractor personnel; a portion of contractor personnel may be duplicated with private sector employees also listed here.

⁽²⁾Includes military and civilian personnel.

⁽³⁾Includes County Commission, Clerk of Court, Property Appraiser, Sheriff (estimated), Supervisor of Elections, and Tax Collector.

Source: Personnel Department of each employer

City of Fort Walton Beach, Florida
SCHEDULE 15
MISCELLANEOUS DEMOGRAPHICAL STATISTICS
Last Ten Fiscal Years
Unaudited

Fiscal Year	Fort Walton Beach Population	Okaloosa County Population	FWB as a % of the County	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2023	21,120	217,882	9.69%	\$ 12,981,628	\$ 59,581	2.7%
2022	21,011	215,751	9.74%	12,663,927	58,697	2.2%
2021	20,948	213,204	9.83%	11,626,309	54,531	3.2%
2020	21,064	203,951	10.33%	10,680,336	52,367	5.2%
2019	20,940	201,514	10.39%	10,194,990	50,592	2.6%
2018	20,830	198,152	10.51%	9,678,184	48,842	2.8%
2017	20,886	195,488	10.68%	9,151,339	46,813	3.0%
2016	20,879	192,925	10.82%	8,925,717	46,265	4.2%
2015	20,869	191,898	10.88%	8,534,823	44,476	4.4%
2014	20,719	190,666	10.87%	8,151,537	42,753	4.6%
2013	20,256	188,349	10.75%	8,094,613	42,977	4.7%

OKALOOSA COUNTY EDUCATION

		FY 2023	FY 2022	FY 2021
Schools:	Grades K-5	23	23	23
	Grades 6-8	12	12	12
	Grades 9-12	8	8	8
	PK-12 / Charter / Alternate	2 / 5 / 10	2 / 5 / 10	2 / 5 / 10
	Grades K-8	1	1	1
	Vocational / Technical	1	1	1
	Exceptional Children	2	2	2
Students:	Grades K-5	15,737	16,601	16,554
	Grades 6-8	7,997	8,507	8,560
	Grades 9-12	9,596	10,203	10,116
	Adult Students	779	630	622
	Exceptional Children	7,207	7,590	7,564
Personnel:		1,867	2,575	2,605

Source: Office of Economic & Demographic Research, FL Research & Economic Information Database, Okaloosa County School Board

City of Fort Walton Beach, Florida
SCHEDULE 16
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
Unaudited

	Full-Time Equivalent Employees as of September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government										
City Manager	2.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Public Information Officer	2.00	-	-	-	-	-	-	-	-	-
Human Resources	4.00	4.00	4.00	4.00	4.70	4.70	4.70	3.60	3.00	3.00
Information Technology	4.00	5.00	4.00	4.00	4.00	4.00	3.80	2.00	2.00	2.00
City Clerk	3.00	2.00	2.00	2.00	2.40	2.40	2.40	2.50	2.50	2.50
Finance	8.00	8.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00
Purchasing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.75	2.75
Administration	2.50	-	-	-	-	-	-	-	-	-
Public Safety										
Police	70.07	67.57	70.94	69.83	71.82	70.90	65.90	61.90	61.38	60.99
Fire	43.25	44.25	44.00	44.00	37.00	37.00	37.00	37.00	38.00	37.00
Recreation & Cultural Services										
Administration	13.00	12.70	12.70	12.70	12.70	11.50	11.50	12.90	12.64	12.32
Parks Maintenance	13.00	13.00	13.00	13.00	12.00	10.25	10.25	10.00	10.00	10.00
Right-of-Way Maintenance	-	-	-	-	1.00	1.00	2.00	1.00	1.00	1.00
Senior Citizens Center	-	-	-	-	-	-	-	-	-	1.85
Golf Club	13.35	13.42	13.42	13.42	13.96	13.81	13.81	14.26	13.93	14.26
Golf Grounds Maintenance	14.00	14.00	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75
Library	9.40	9.40	9.22	9.22	8.72	8.72	8.72	8.02	8.02	8.02
Museum	4.10	4.10	4.10	4.10	3.60	4.00	4.00	4.60	4.10	3.60
Cemetery	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Growth Management										
Administration	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	4.00	4.00
Planning & Zoning	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	2.00	2.00
Building & Permitting	6.50	6.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Code Enforcement	2.75	2.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fleet Maintenance	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Facilities Maintenance	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
Streets Maintenance	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Community Development Block Grant	-	-	-	-	-	-	-	-	0.48	0.48
Community Redevelopment Agency	4.60	4.60	6.00	5.00	5.00	5.00	5.00	3.00	3.00	3.00
Utility (Water/Sewer) Enterprise										
Administration	6.00	6.00	6.00	6.00	6.00	5.00	5.00	8.00	8.00	8.00
Customer Service	5.00	4.50	4.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
GIS	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-	-	-
Water Operations	9.00	9.00	8.00	8.00	8.00	9.00	9.00	9.00	10.00	9.00
Water Distribution	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Sewer Collections	12.00	12.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Sanitation Enterprise										
Solid Waste	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Stormwater Enterprise										
Stormwater	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Total	317.52	311.79	312.63	310.52	306.15	304.53	300.33	292.03	292.05	291.02

Source: City of Fort Walton Beach Adopted Budget for the relevant year.

City of Fort Walton Beach, Florida
SCHEDULE 17
PERMITS, LICENSES AND RECREATION FACILITIES
Last Ten Fiscal Years
Unaudited

MISCELLANEOUS PERMITS

<u>Year</u>	<u>Mechanical</u>	<u>Electrical</u>	<u>Gas</u>	<u>Plumbing</u>	<u>Water & Sewer</u>
2023	410	627	203	376	12
2022	287	533	195	247	17
2021	228	543	205	244	26
2020	262	573	196	231	22
2019	303	392	201	172	25
2018	300	360	159	159	37
2017	260	368	169	213	45
2016	200	216	144	92	81
2015	153	216	116	75	34
2014	247	379	136	194	27

BUSINESS TAX RECEIPTS ISSUED (formerly referred to as occupational licenses)

<u>Year</u>	<u>Number Sold</u>
2023	196
2022	981
2021	1,248
2020	1,120
2019	1,389
2018	1,101
2017	2,595
2016	2,115
2015	2,259
2014	2,402

MUNICIPAL RECREATIONAL FACILITIES

2 18-hole Golf Courses	1 Library
1 18-hole Disc Golf Course	4 Museums
1 Auditorium	23 Playgrounds
12 Baseball-Softball Facilities	2 Racquetball Court Facility
1 BMX/Skateboard Facility	1 Recreation Center
5 Boat Ramps	4 Soccer Field Facility
8 Exercise/Walking Tracks	16 Tennis Court Facilities
4 Beach Volleyball Court	7 Undeveloped Parks
16 Pickleball Courts	7 Waterfront Parks

Sources: City of Fort Walton Beach Customer Service, Building & Permitting, and Recreation departments.

Note: Change in facility and athletic field totals due to the construction of the new Recreation Center, which was complete in FY 2015.

City of Fort Walton Beach, Florida
SCHEDULE 18
ELECTIONS - OKALOOSA COUNTY VOTER REGISTRATION
Unaudited

<u>Pct</u>	<u>Place Name</u>	<u>Registered Voters</u>				
		<u>Total</u>	<u>Dems</u>	<u>Reps</u>	<u>NPA</u>	<u>Other</u>
01	BAKER	2,747	247	2,055	402	43
02	BLACKMON	719	73	553	87	6
03	MILLIGAN	1,435	154	981	272	28
04	HOLT	1,434	158	1,021	229	26
05	LAUREL HILL	1,210	172	820	197	21
06	GARDEN CITY	4,636	621	2,928	973	114
07	DORCAS	2,063	291	1,260	464	48
08	HONEY CREEK	4,555	790	2,609	1,034	122
09	YELLOW RIVER	4,192	698	2,381	1,003	110
10	WEST WRIGHT	5,994	1,361	2,830	1,636	167
11	EAST CRESTVIEW	12,076	2,417	5,756	3,503	400
12	WEST CRESTVIEW	988	475	250	242	21
13	NORTH CRESTVIEW	4,180	726	2,440	919	95
14	WEST NICEVILLE	2,971	471	1,704	702	94
15	VALPARAISO	3,157	482	1,831	747	97
16	SHALIMAR	2,859	538	1,590	666	65
17	CENTRAL WRIGHT	3,013	778	1,352	795	88
18	OCEAN CITY	2,535	512	1,302	654	67
19*	EAST FWB	1,751	468	743	487	53
20	WEST DESTIN	2,757	395	1,714	590	58
21	MARY ESTHER	2,688	533	1,435	642	78
22*	S CENTRAL FWB	2,122	518	1,030	518	56
23	EGLIN AFB	724	143	283	273	25
24*	WEST FWB	2,850	737	1,302	735	76
25	N CENTRAL NICEVILLE	1,978	334	1,138	450	56
26	SEMINOLE	2,679	328	1,756	545	50
27	CINCO BAYOU	276	52	135	77	12
28*	GARNIERS	330	58	204	56	12
29*	GOLF COURSE	1,993	290	1,204	456	43
30	OKALOOSA ISLAND	1,546	229	927	350	40
31	LONGWOOD	2,142	329	1,425	357	31
32*	FERRY PARK	2,403	422	1,446	485	50
33	ROCKY BAYOU	4,954	577	3,287	998	92
34	FLOROSA	3,524	694	1,764	977	89
35	NORTH DESTIN	3,236	417	2,049	683	87
36	SOUTH NICEVILLE	2,755	371	1,756	566	62
37	LAKE LORRAINE	2,653	370	1,673	554	56
38	NORTHGATE	2,108	433	1,120	500	55
39	EAST WRIGHT	2,240	521	1,096	560	63
40	SOUTH BLUEWATER	2,958	324	1,960	600	74
41*	N CENTRAL FWB	1,321	249	786	262	24
42*	NEW HEIGHTS	2,204	647	941	562	54
43	S CENTRAL NICEVILLE	2,309	398	1,324	529	58
44	CENTRAL DESTIN	1,827	304	1,003	461	59
45	SOUTH CRESTVIEW	4,434	920	2,145	1,233	136
46	NORTH BLUEWATER	4,466	617	2,770	983	96
47	WYNNEHAVEN BEACH	1,881	330	917	580	54
48*	WESTWOOD RETIREMENT	109	21	71	16	1
49	EAST DESTIN	3,306	344	2,239	647	76
50	SOUTH DESTIN	2,826	300	1,929	534	63
51	AIRPORT ROAD	2,224	307	1,337	517	63
52	LIVE OAK	4,206	701	2,273	1,119	113
Countywide Total		142,544	24,645	80,845	33,427	3,627
*City Precinct	City Total	15,083	3,410	7,727	3,577	369

Source: Okaloosa County Supervisor of Elections

City of Fort Walton Beach, Florida
SCHEDULE 19
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
Last Ten Fiscal Years
Unaudited

Fiscal Year	Assessments ⁽¹⁾	Assessments Collected or Released	Ratio of Collections to Amount Assessed	Total Outstanding Current and Delinquent Assessment
2023	\$ 2,262	\$ 211,291	85.94%	\$ 34,575
2022	2,157	25,702	9.54%	243,604
2021	1,490	25,052	8.57%	267,149
2020	766	31,086	9.66%	290,711
2019	925	31,912	9.04%	321,031
2018	755	27,180	7.17%	352,018
2017	660	25,807	6.38%	378,443
2016	380,571	27,804	6.45%	403,590
2015	-	60,251	54.24%	50,823
2014	2,014	3,328	2.91%	111,074

⁽¹⁾Assessments are payable over a 15-20 year period.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Fort Walton Beach, Florida
SCHEDULE 20
MAJOR REVENUE SOURCES
Last Ten Fiscal Years
Unaudited

Fiscal Year	Property Taxes	% of Total Revenues	Other Taxes/ Franchise Fees	% of Total Revenues	Sewer Fees	% of Total Revenues	Sanitation Fees	% of Total Revenues	Water Fees	% of Total Revenues	Golf Fees	% of Total Revenues
2023	\$ 7,618,352	14.0%	\$ 15,741,791	28.9%	\$ 7,469,849	13.7%	\$ 4,993,143	9.2%	\$ 4,210,867	7.7%	\$ 2,553,563	4.7%
2022	7,025,573	14.5%	15,455,429	32.0%	7,382,498	15.3%	4,748,512	9.8%	4,482,309	9.3%	2,286,970	4.7%
2021	6,608,861	13.3%	14,624,266	29.5%	7,272,112	14.7%	4,381,765	8.8%	4,432,189	8.9%	1,960,608	4.0%
2020	6,573,751	13.6%	13,404,633	27.8%	6,999,110	14.5%	3,934,207	8.2%	4,067,771	8.4%	1,751,965	3.6%
2019	6,416,668	11.5%	12,358,719	22.1%	7,005,068	12.5%	3,871,165	6.9%	4,041,311	7.2%	1,696,822	3.0%
2018	6,041,303	15.3%	7,343,744	18.7%	6,728,172	17.1%	3,774,520	9.6%	3,902,809	9.9%	1,676,940	4.3%
2017	7,457,189	20.9%	7,015,584	19.6%	6,668,790	18.7%	3,663,445	10.3%	3,906,282	10.9%	1,317,803	3.7%
2016	7,271,903	20.5%	7,124,985	20.0%	6,310,574	17.7%	3,589,419	10.1%	3,769,366	10.6%	1,378,730	3.9%
2015	7,025,998	19.6%	7,171,032	20.0%	5,748,749	16.1%	3,581,264	10.0%	3,425,909	9.6%	1,399,101	3.9%
2014	6,886,443	20.6%	6,807,274	20.3%	5,177,966	15.5%	3,562,694	10.6%	3,238,894	9.7%	1,365,764	4.1%

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Note: Beginning in FY14, the Golf Enterprise Fund was transferred into the General Fund.

City of Fort Walton Beach, Florida
SCHEDULE 21
WATER AND WASTEWATER SERVICE RATES
Unaudited

Monthly Water Rates^(1,2)	Residential		Commercial		Number of Meters
	Inside	Outside⁽³⁾	Inside	Outside⁽³⁾	
Lifeline Rate ⁽⁴⁾	\$12.37	\$15.46	\$12.37	\$15.46	
Monthly Base Charge ⁽⁵⁾ , Meter Size:					
3/4"	\$12.37	\$15.46	\$12.37	\$15.46	9,474
1.0"	\$12.37	\$15.46	\$12.37	\$15.46	359
1.5"	\$16.81	\$21.01	\$16.81	\$21.01	120
2.0"	\$28.58	\$35.73	\$28.58	\$35.73	248
3.0"	\$43.55	\$54.44	\$43.55	\$54.44	15
4.0"	\$54.41	\$68.01	\$54.41	\$68.01	29
6.0"	\$86.57	\$108.21	\$86.57	\$108.21	0
8.0" or 10.0"	\$129.74	\$162.18	\$129.74	\$162.18	1
Multi-Residential, Add'l per Unit	\$9.16	\$11.45	\$9.16	\$11.45	
					10,246
					Residential Customers ⁽⁶⁾ 8,682
					Commercial Customers ⁽⁶⁾ 110
					Total Customers 8,792
Gallage Rate (per 1,000 gallons per unit)	<u>Inside</u>		<u>Outside</u>		
Block 1 (0 - 2,000)	Included in monthly base charge				
Block 2 (2,001 - 4,000)	\$3.69		\$4.61		
Block 3 (4,001 - 8,000)	\$4.51		\$5.64		
Block 4 (8,001 +)	\$6.77		\$8.46		
Monthly Wastewater Rates⁽²⁾	Residential		Commercial		
Lifeline Rate ⁽⁴⁾	\$28.18		\$33.84		
Monthly Base Charge	\$28.18		\$33.84		
Gallage Rate (per 1,000 gallons per unit) ⁽⁵⁾					
Block 1 (0 - 2,000)	Included in monthly base charge				
Block 2 (2,001 +)	\$8.86		\$10.64		

⁽¹⁾Irrigation customers subject to water rates as outlined herein

⁽²⁾Monthly Base Charge is per Unit. Residential Single Family and Commercial count as 1 unit
Multi-Family and Multi-Commercial are billed according to meter size and unit count

⁽³⁾Outside City surcharge of 25% for water

⁽⁴⁾Single family residence with less than 2,000 gallons per month

⁽⁵⁾Residential service capped at 16,000 gallons per unit

⁽⁶⁾Billed in September

Source: City of Fort Walton Beach Comprehensive Fee Schedule

City of Fort Walton Beach, Florida
SCHEDULE 22
SANITATION AND RECYCLING SERVICE RATES
Unaudited

<u>Basic Garbage Rates</u>	<u>Garbage</u>	<u>Tipping</u>	<u>Total</u>
Residential			
One Container	\$ 18.62	\$ 6.51	\$ 25.13
Two Containers	37.24	12.88	50.12
Residential Dumpsters, Individual Meters	18.62	6.51	25.13
Commercial			
One Container	34.94	7.28	42.22
Two Containers	69.86	14.61	84.47
Shared Dumpster (minimum charge)	34.94	7.28	42.22
<u>Garbage and Trash Collection</u>	<u>Garbage</u>	<u>Tipping</u>	<u>Total</u>
2 Cubic Yards			
2 times per week	\$ 74.15	\$ 52.54	\$ 126.69
3 times per week	111.20	78.72	189.92
4 times per week	148.34	104.84	253.18
5 times per week	185.35	131.06	316.41
6 times per week	222.41	157.24	379.65
4 Cubic Yards			
2 times per week	104.67	104.84	209.51
3 times per week	157.01	157.24	314.25
4 times per week	209.34	209.63	418.97
5 times per week	261.67	261.97	523.64
6 times per week	314.00	314.36	628.36
6 Cubic Yards			
2 times per week	137.41	157.24	294.65
3 times per week	206.10	235.85	441.95
4 times per week	274.74	314.36	589.10
5 times per week	343.43	392.93	736.36
6 times per week	412.13	471.60	883.73
8 Cubic Yards			
2 times per week	165.73	209.63	375.36
3 times per week	248.61	314.36	562.97
4 times per week	331.46	419.15	750.61
5 times per week	414.32	523.95	938.27
6 times per week	497.19	625.90	1,123.09
Compactor	Commercial Rate x 3 x Bulk Container(s)		
<u>Commercial Recycling</u>	<u>Garbage</u>	<u>Tipping</u>	<u>Total</u>
4 Cubic Yards			
2 times per week	\$ 118.89	\$ -	\$ 118.89
3 times per week	178.29	-	178.29
4 times per week	237.74	-	237.74
5 times per week	297.19	-	297.19
6 Cubic Yards			
2 times per week	178.29	-	178.29
3 times per week	267.44	-	267.44
4 times per week	356.59	-	356.59
5 times per week	445.73	-	445.73
8 Cubic Yards			
2 times per week	237.74	-	237.74
3 times per week	356.59	-	356.59
4 times per week	475.48	-	475.48
5 times per week	594.33	-	594.33
Contaminated Load Fee (per dump)			
4 CY	21.10	34.23	55.33
6 CY	21.10	61.55	82.65
8CY	21.10	95.68	116.78

Source: City of Fort Walton Beach Comprehensive Fee Schedule

City of Fort Walton Beach, Florida
SCHEDULE 23
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
Unaudited

Function	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police										
Arrests	730	608	643	627	611	660	757	921	1,041	873
Traffic citations	3,693	2,097	1,973	1,327	1,404	1,632	2,436	2,693	2,864	3,119
Fire										
Emergency medical responses	3,823	3,698	3,159	1,265	3,123	3,310	2,994	3,067	3,322	3,278
Fire responses	1,571	1,568	1,407	2,825	1,406	1,324	1,249	1,210	1,270	1,389
Inspections	854	885	944	643	1,008	966	932	2,409	1,000	700
Code Enforcement										
Code violations	780	1,392	1,129	965	1,251	1,446	1,825	1,807	1,702	1,766
Engineering Services										
Building permits issued	2,846	2,728	2,741	2,288	2,095	2,006	332	n/a	n/a	n/a
Residential building permits issued	2,299	1,870	2,266	1,692	1,942	1,855	483	23	1,214	1,220
Commercial building permits issued	547	858	475	596	153	151	178	5	402	310
Value of permits (in millions)	\$80.21	\$115.13	\$70.86	\$81.98	\$65.80	\$4.10	\$2.70	n/a	n/a	n/a
Value of residential permits (in millions)	\$ 27	\$ 42	\$ 31	\$ 29	\$ 41	\$ 26	\$ 12	\$ 4	\$ 16	\$ 16
Value of commercial permits (in millions)	\$ 53	\$ 73	\$ 40	\$ 53	\$ 24	\$ 15	\$ 15	\$ 1	\$ 832	\$ 27
Business Tax Receipts Sold	196	152	166	212	406	628	1,769	2,115	2,259	2,402
Street resurfacing (lane miles)	0.72	1.49	1.06	1.27	0.00	0.18	0.00	1.01	0.64	0.16
Pot holes (hours spent repairing)	272	538	422	494	557	166	213	163	770	528
Sanitation										
Refuse collected (tons)	25,883	26,457	27,749	27,854	26,498	26,317	26,151	25,203	24,467	26,102
Recyclables collected (tons)	2,051	2,161	2,204	2,030	2,048	2,032	1,811	1,507	1,191	754
Culture and Recreation										
Parks and Recreation										
Recreation program participants	397	311	212	191	206	199	102	154	n/a	n/a
Recreation program registrations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	650	651
Adult athletic participants	221	1,051	857	1,042	820	770	530	n/a	n/a	n/a
Adult athletic registrations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	621	424	426
Youth athletic participants	1,775	2,005	1,791	1,496	2,264	2,123	2,394	n/a	n/a	n/a
Youth athletic registrations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,086	1,978	1,347
Skate/tennis park participants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Library										
Circulation volume	128,806	113,022	121,287	127,507	157,554	147,760	139,980	144,474	137,363	145,684
Museum										
Number of visitors/participants ⁽¹⁾	14,667	14,515	9,636	13,662	30,050	23,012	24,522	22,437	22,683	19,461
Water System										
New connections	12	12	26	22	25	37	45	81	34	27
Water customers	10,246	9,698	9,777	9,677	9,642	9,639	9,620	9,618	9,537	9,480
Water produced (million gallons)	957	958	947	940	912	895	866	883	891	884

Source: City of Fort Walton Beach Performance Measures.

City of Fort Walton Beach, Florida
SCHEDULE 24
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn Officers	54	52	52	45	45	47	45	39	43	43
Engineering Services										
Miles of roads	93.34	93.12	93.12	93.12	93.12	93.12	93.12	93.12	93.12	93.12
Miles of sidewalks	65.19	63.79	63.79	63.79	63.79	63.67	63.67	64.73	63.67	64.73
Signs fabricated and installed	423	448	391	531	461	286	614	854	1,133	918
Culture and Recreation										
Parks and Recreation										
Recreational Amenities	116	116	116	116	129	129	129	129	129	116
Parks (acres)	448.54	448.54	448.54	448.54 ⁽¹⁾	206.00	206.00	206.00	206.00	196.56	180.26
Library										
Inventoried collection	51,461	48,335	47,216	51,398	56,973	62,513	67,881	70,353	72,313	72,729
Water and Sewer System										
Potable water lines (miles)	148.48	146.89	146.77	146.48	146.40	146.33	146.10	144.91	144.77	146.25
Sanitary sewer lines (miles)	131.34	129.97	129.82	129.44	129.49	129.49	129.62	129.51	110.45	130.32
Reuse water lines (miles)	7.74	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10	7.10
Potable Water Elevated Storage Tank Capacity: 1 tank 200,000 gal; 1 tank 750,000 gal; 2 tanks 500,000 gal										
Potable Water Ground Storage Tank Capacity: 1 tank 135,000 gal; 1 tank 250,000 gal; 1 tank 1,000,000 gal; 1 tank 25,000 gal										
Pumping Capacity of Potable Water Wells: 9.231 million gallons per day										
Sanitary Sewer Ground Storage Tank Capacity: 4,000,000 gal										
Reuse Water Elevated Storage Tank Capacity: 1 tank 200,000 gal										
Reuse Water Ground Storage Tank Capacity: 1 tank 1,000,000 gal										
Stormwater System										
Storm drains (miles)	44.14	44.14	44.14	44.14	43.33	43.18	42.10	42.03	42.05	42.01

⁽¹⁾ FY 2020 Increase due to golf courses not being included in prior years.

N/A: Not available.

Source: City of Fort Walton Beach Performance Measures.

City of Fort Walton Beach, Florida
SCHEDULE 25
INSURANCE COVERAGE
Unaudited

Effective Dates	Company	Policy Number	Agent, Broker, or Company Rep.	Type				Location
12/6/23 to 12/6/24	Wright National	1151306332	Fisher-Brown Agency	Flood	\$	500,000	B	#7 Hollywood Boulevard
					\$	500,000	C	Police Department
10/12/23 to 10/12/24	Wright National	1151291263	Fisher-Brown Agency	Flood	\$	500,000	B	#5 Hollywood Boulevard
					\$	300,000	C	Fire Department
10/12/23 to 10/12/24	Wright National	1151292103	Fisher-Brown Agency	Flood	\$	403,000	B	107 Miracle Strip Parkway
					\$	129,000	C	Auditorium
10/12/23 to 10/12/24	Wright National	1151291796	Fisher-Brown Agency	Flood	\$	403,000	B	107 Miracle Strip Parkway
					\$	383,000	C	City Hall
10/12/23 to 10/12/24	Wright National	1151292114	Fisher-Brown Agency	Flood	\$	178,000	B	107 Miracle Strip Parkway
					\$	25,000	C	Council Chamber
10/12/23 to 10/12/24	Wright National	1151292125	Fisher-Brown Agency	Flood	\$	377,000	B	107 Miracle Strip Parkway
					\$	359,000	C	Annex Building
10/12/23 to 10/12/24	Wright National	1151292120	Fisher-Brown Agency	Flood	\$	390,000	B	107 Miracle Strip Parkway
					\$	17,000	C	Bathrooms Building
10/12/23 to 10/12/24	Wright National	1151291389	Fisher-Brown Agency	Flood	\$	450,000	B	141 Miracle Strip Parkway
					\$	100,000	C	City Museum
10/12/23 to 10/12/24	Wright National	1152207556	Fisher-Brown Agency	Flood	\$	350,000	B	22 McGriff Street
					\$	50,000	C	Child Care Facility
12/2/23 to 12/2/24	Wright National	1150164378	Fisher-Brown Agency	Flood	\$	39,000	B	338 Miracle Strip Parkway
								Restroom, East of Pavilion
								Liza Jackson Park
12/2/23 to 12/2/24	Wright National	1150164379	Fisher-Brown Agency	Flood	\$	39,000	B	338 Miracle Strip Parkway
								Restroom Near Ditch
								Liza Jackson Park
05/17/23 to 05/17/24	Wright National	1150342974	Fisher-Brown Agency	Flood	\$	98,000	B	55 Ferry Road
								Boy Scout Hut
07/23/23 to 07/23/24	Wright National	1152199654	Fisher-Brown Agency	Flood	\$	330,000	B	115 Hollywood Blvd
					\$	53,000	C	Pump Station #1
06/23/23 to 06/23/24	Wright National	1150458831	Fisher-Brown Agency	Flood	\$	55,000	B	168 Coral Drive SW
								City Hall Ball Field Restrooms
10/1/23 to 10/1/24	Commerce and Industry Insurance C	12896318	Public Risk Insurance Agency	Petroleum Liability	\$	1,000,000/inc		Golf Course, Police, City Yard, Fuel Station
					\$	1,000,000/agg		Pump Station - Fire, Recreation Center

City of Fort Walton Beach, Florida
SCHEDULE 25
INSURANCE COVERAGE
Unaudited

Effective Dates	Company	Policy Number	Agent, Broker, or Company Rep.	Type		Location
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Inland	\$ 750,000	2M Blanket Unscheduled
				Marine	\$ 32,672	6M Contractor's / Mobile Equipment
					\$ 35,953	6M Contractor's / Mobile Equipment
					\$ 44,669	6M Contractor's / Mobile Equipment
					\$ 30,204	6M Contractor's / Mobile Equipment
					\$ 49,788	6M Contractor's / Mobile Equipment
					\$ 45,158	6M Contractor's / Mobile Equipment
					\$ 78,902	6M Contractor's / Mobile Equipment
					\$ 665,000	125 - 2020 Yamaha DR2E AAC Golf Carts
					\$ 52,765	6M Contractor's / Mobile Equipment
					\$ 97,373	6M Contractor's / Mobile Equipment
					\$ 35,808	6M Contractor's / Mobile Equipment
					\$ 55,654	6M Contractor's / Mobile Equipment
					\$ 32,943	6M Contractor's / Mobile Equipment
					\$ 30,843	6M Contractor's / Mobile Equipment
					\$ 30,753	6M Contractor's / Mobile Equipment
					\$ 54,116	6M Contractor's / Mobile Equipment
					\$ 25,343	6M Contractor's / Mobile Equipment
					\$ 40,343	6M Contractor's / Mobile Equipment
					\$ 37,236	6M Contractor's / Mobile Equipment
					\$ 26,165	6M Contractor's / Mobile Equipment
					\$ 29,660	6M Contractor's / Mobile Equipment
					\$ 81,611	6M Contractor's / Mobile Equipment
					\$ 81,611	6M Contractor's / Mobile Equipment
					\$ 35,403	6M Contractor's / Mobile Equipment
					\$ 25,190	6M Contractor's / Mobile Equipment
					\$ 28,428	6M Contractor's / Mobile Equipment
					\$ 63,048	6M Contractor's / Mobile Equipment
					\$ 26,358	6M Contractor's / Mobile Equipment
					\$ 24,657	6M Contractor's / Mobile Equipment
					\$ 24,657	6M Contractor's / Mobile Equipment
					\$ 30,567	6M Contractor's / Mobile Equipment
					\$ 35,543	6M Contractor's / Mobile Equipment
					\$ 56,432	6M Contractor's / Mobile Equipment
					\$ 37,735	6M Contractor's / Mobile Equipment
					\$ 93,150	Electronic Data Processing Equipment - RC
					\$ 730,000	Fine Arts
					\$ 6,500	Other Inland Marine (Street Signs)
					\$ 250,000	Rented, Borrowed, Leased Equipment - ACV
					\$ 135,417	Rented, Borrowed, Leased Equipment - ACV
					\$ 111,683	Rented, Borrowed, Leased Equipment - ACV
					\$ 4,159,338	Total All Inland Marine
1/17/24 to 1/17/25	Nicole Nabors - Travelers	107774436	Fisher-Brown Agency	Public Official Bond	\$ 50,000	Finance Director
5/3/23 to 5/3/24	Markus Schumacher - Travelers	107832461	Fisher-Brown Agency	Public Official Bond	\$ 50,000	Comptroller, Finance Department

City of Fort Walton Beach, Florida
SCHEDULE 25
INSURANCE COVERAGE
Unaudited

Effective Dates	Company	Policy Number	Agent, Broker, or Company Rep.	Type		Location
5/3/23 to 5/3/24	Cassandra Hodys - Travelers	107832448	Fisher-Brown Agency	Public Official Bond	\$ 50,000	Utility Billing Supervisor, Finance Department
2/18/23 to 2/18/24	Kim Barnes - Travelers	107222946	Fisher-Brown Agency	Public Official Bond	\$ 50,000	City Clerk
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Auto	\$ 1,000,000	CSL Liability
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Forgery Alteration	\$ 250,000	
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Money & Securities (theft)	\$ 10,000	
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Crime	\$ 250,000	Public Employees (Employee dishonesty) Blanket Fidelity Bond
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	General Liability	\$ 1,000,000	Occurrence
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Property	\$ 62,098,000	Blank Real & Personal Property
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Property	\$ 2,000,000 \$ 2,000,000	Business Income (Interruption) Additional Expense
10/1/23 to 10/1/24	PGIT	WC-FL10462003 23-14	Public Risk Insurance Agency	Worker's Comp	\$ 1,000,000 \$ 1,000,000 \$ 1,000,000	Each Accident Disease (Policy Limit) Disease (Each Employee)
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Public Officials Empl. Practice	\$ 5,000,000/inc \$ 5,000,000/agg	Claims Made Claims Made
10/1/23 to 10/1/24	Ace American	ADD N16744931	Chubb ACHUBB Co.	AD&D	\$ 75,000 \$ 75,000 \$ 225,000	Line of Duty Coverage Fresh Pursuit Coverage Unlawful/Unintentional
10/1/23 to 10/1/24	PGIT	PKFL10462003 23-19	Public Risk Insurance Agency	Boiler & Machinery	\$ 70,556,018	Equipment Breakdown
5/1/21 to 5/1/24	Travelers	105927344	Fisher-Brown Agency	Fiduciary	\$ 2,000,000	Retirement Fund for General Liability Employees and Police
10/1/23 to 10/1/24	Ace American	PTP N1793868A	Chubb	Group Cancer	\$ 25,000 \$ 25,000 \$ 75,000	First Diagnosis Cancer Benefit First Diagnosis Benefit Continuation Cancer Death Benefit

Source: City of Fort Walton Beach Risk Management Department

IV. COMPLIANCE SECTION

- **OTHER SUPPLEMENTARY INFORMATION**
- **COMPLIANCE MATTERS**
- **MANAGEMENT LETTER**

**CITY OF FORT WALTON BEACH, FLORIDA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
RELATED TO THE DEEPWATER HORIZON OIL SPILL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Source	Amounts Received in the 2022-2023 Fiscal Year	Amounts Expended in the 2022-2023 Fiscal Year
Florida Coastal Protection Trust Fund		
Early Restoration Deepwater Horizon oil spill ¹	\$ -	\$ -

¹ NOTE: This does not include funds related to the Deepwater Horizon oil spill that are considered state financial assistance. The schedule of expenditures of federal awards and state financial assistance includes \$1,100,140 of expenditures of state financial assistance (included for CSFA #37.081) that are related to the Deepwater Horizon oil spill.

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

To the Honorable Mayor and City Council Members
City of Fort Walton Beach, Florida

We have audited the financial statements of the City of Fort Walton Beach, Florida (the City) as of and for the year ended September 30, 2023, and have issued our report thereon dated March 15, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

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

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 15, 2024

**CITY OF FORT WALTON BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal / State Agency Pass-Through Entity Federal Program / State Project	Assistance Listing Number / CSFA	Contract/Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing & Urban Development				
Direct programs:				
<i>CDBG Entitlement Grants Cluster</i>				
Community Development Block Grants 2021-23	14.218	M-2X-MC-12-0030	\$ 199,173	\$ -
COVID-19 Community Development Block Grants	14.218	B-20-MW-12-0030	42,119	-
Indirect programs:				
<i>Pass-through from Florida Department of Commerce:</i>				
COVID-19 Community Development Block Grants	14.228	22CV-E03	10,500	-
			<u>251,792</u>	<u>-</u>
U.S. Department of Justice				
Direct programs:				
Bulletproof Vest Partnership Program	16.607		1,669	-
Public Safety Partnership and Community Policing (COPS) Grant	16.710	2020UMWX0107	35,840	-
Indirect programs:				
<i>Pass-through from Florida Department of Law Enforcement:</i>				
Byrne Memorial Justice Assistance Grant	16.738	8C071	4,085	-
Byrne Memorial Justice Assistance Grant	16.738	8C187	13,305	-
			<u>54,899</u>	<u>-</u>
U.S. Department of Transportation				
Indirect programs:				
<i>Highway Safety Cluster</i>				
<i>Pass-through from Florida Department of Transportation:</i>				
National Priority Safety Programs	20.616	G2K18	3,851	-
U.S. Department of Homeland Security				
Direct programs:				
Assistance to Firefighters Grant	97.044	EMW-2021-FG-10095	13,849	-
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	EMW-2018-FH-00488	827	-
Indirect programs:				
<i>Pass-through from Florida Division of Emergency Management:</i>				
Disaster Grants - Public Assistance	97.036	Z2635	33,718	-
Disaster Grants - Public Assistance	97.036	D0611	175,749	-
Disaster Grants - Public Assistance	97.036	D0717	53,434	-
Disaster Grants - Public Assistance	97.036	D1041	142,690	-
Port Security Grant Program	97.056	EMW-2022-PU-00456	147,341	-
			<u>567,608</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 878,150</u>	<u>\$ -</u>
Florida Department of Environmental Protection				
Direct programs:				
Statewide Water Quality Restoration Projects	37.039	LPA0164	\$ 13,027	\$ -
Statewide Water Quality Restoration Projects	37.039	LPA0165	30,000	-
Statewide Water Quality Restoration Projects	37.039	LPA0292	52,701	-
Restoration Deepwater Horizon Oil Spill	37.081	DH001	1,100,140	-
			<u>1,195,868</u>	<u>-</u>
Florida Department of Transportation				
Direct programs:				
Local Transportation Projects	55.039	G2546	47,023	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,242,891</u>	<u>\$ -</u>

**CITY OF FORT WALTON BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state grant activity of the City of Fort Walton Beach, Florida (the City) for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the City Council
City of Fort Walton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fort Walton Beach, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2023-001 that we consider to be a material weakness.

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*.

City of Fort Walton Beach, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Fort Walton Beach, Florida
March 15, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,
RULES OF THE FLORIDA AUDITOR GENERAL**

To the City Council
City of Fort Walton Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Fort Walton Beach, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described 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 federal programs and state projects for the year ended September 30, 2023. The City's major federal programs and state 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program and 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, 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 or state project 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 federal program or 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 federal program or 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.

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

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

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 15, 2024

**CITY OF FORT WALTON BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? X Yes No

• Significant deficiency(ies) identified? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards and State Financial Assistance

Internal control over major program and project:

• Material weakness(es) identified? Yes X No

• Significant deficiency(ies) identified? Yes X No

Type of auditors' report issued on compliance for major program and project: Unmodified

• Any audit findings disclosed that are required to be reported
in accordance with CFR 200.516(a) or Chapter 10.557,

Rules of the Florida Auditor General? Yes X No

Identification of major program and project:

<u>Assistance Listing No.</u>	<u>Name of Federal Program</u>
97.036	Disaster Grants - Public Assistance

<u>CSFA No.</u>	<u>Name of State Project</u>
37.081	Restoration Deepwater Horizon Oil Spill

Dollar threshold used to distinguish between type A and
type B programs for federal awards: \$ 750,000

Dollar threshold used to distinguish between type A and
type B projects for state financial assistance: \$ 372,867

**CITY OF FORT WALTON BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

II. FINANCIAL STATEMENT FINDINGS

FINDING 2023-001 – GRANT ADMINISTRATION, TRACKING, AND MONITORING

Criteria

The City's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a material misstatement on a timely basis.

Condition

The major federal program tested during the year ended September 30, 2023, was *Disaster Grants – Public Assistance* funded by the U.S. Department of Homeland Security. One of the grants in the population was a legacy grant associated with Hurricane Sally recovery. We determined through testing that certain expenditures related to the grant were incurred in prior years and were not correctly reported as revenue in those years or properly reported on the schedule of expenditures of federal awards (SEFA). Further, City personnel did not have access to the portal in which grant reporting was required during the year under audit as the login in credentials were associated with the former Finance Director.

In addition, the City provided SEFA and schedule of expenditures of state financial assistance (SESFA) did not reconcile to the accounting records and other supporting documentation. Audit adjustments were necessary to correct the Hurricane Sally grant activities and other direct projects funded by the Florida Department of Environmental Protection.

Cause

While improvements were made in regard to grant accounting during the year ended September 30, 2023, the City is not consistently adhering to its written policies and procedures regarding administration, tracking, and monitoring of grant activities. Most notably, grant administration duties are not performed by a specified trained authorized individual or department.

Additionally, the SEFA and SESFA were not prepared and reviewed on a timely basis by appropriately experienced and trained personnel as the software purchased for grant tracking was not fully implemented as of September 30, 2023.

Effect

Supporting documentation on certain grant activities requested by auditors was not readily available, and in some cases, it was unclear which individual was responsible for monitoring the City's compliance with grant terms and conditions. Various audit adjustments were proposed and accepted by management to properly to prepare the SEFA and SESFA.

Recommendation

- Management should adopt written policies and procedures for grant administration, tracking, and monitoring. Furthermore, these functions should be centralized and performed by experienced and trained personnel.
- These policies should reflect who is responsible for preparing and reviewing the SEFA and SESFA.

**CITY OF FORT WALTON BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Management's Response

Concur. The Finance Department is in the process of updating its existing written policies and procedures for administration, tracking, and monitoring of grant activities. Additionally, the City has purchased, and is in the process of implementing, grant tracking software systems in order to streamline the process and increase efficiency.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

No such findings or questioned costs.

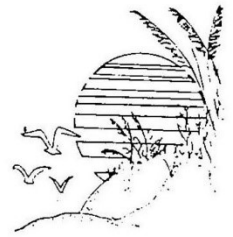


City of Fort Walton Beach

"The Treasure of the Emerald Coast"

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED SEPTEMBER 30, 2022

I. FINANCIAL STATEMENT FINDINGS

FINDING 2022-001 – RECONCILIATION OF GRANT ACTIVITIES

Condition

Condition

The City provided schedule of grant revenues and expenditures, including unearned revenues and receivables, did not reconcile to the accounting records and other supporting documentation.

Current Status

Corrective action was taken.

FINDING 2022-002 – COMPREHENSIVE ACCOUNTING POLICIES AND PROCEDURES / DEPARTMENT STAFFING

Condition

The City does not have written policy that outlines the nature and types of general ledger and account reconciliation reviews that should take place on a monthly, quarterly and year end basis in a centralized location. There were several correcting journal entries proposed by management after the year-end financial information was provided to auditors in January 2022.

Current Status

Corrective action was taken.

FINDING 2022-003 – CASH MANAGEMENT

Condition

The City was unable to provide documentary evidence illustrating its adherence to its written grant administration policies pertaining to supervisory review of grant reimbursement requests prepared by City staff prior to submission to the grant funding agency.

Current Status

Corrective action was taken.

**INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Council Members
City of Fort Walton Beach, Florida

We have examined the City of Fort Walton Beach, Florida's (the City's) compliance with the following requirements for the year ended September 30, 2023:

- 1) Section 218.415, Florida Statutes, in regard to the investments.
- 2) Section 218.8018, Florida Statutes, in regard to the Deepwater Horizon Oil Spill receipts and expenditures.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements. 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 the 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.

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

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

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



Fort Walton Beach, Florida
March 15, 2024

MANAGEMENT LETTER

To the Honorable Mayor and City Council
City of Fort Walton Beach, Florida

We have audited the financial statements of the City of Fort Walton Beach, Florida (the City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 15, 2024.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 15, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the City has been disclosed in Note 1 to the financial statements. The City included the following component units: Fort Walton Beach Community Redevelopment Agency (the "CRA"). The legal authority that established the CRA is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Section 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 condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we identified no recommendations to improve financial management other than those discussed in the schedule of findings and questioned costs.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Fort Walton Beach Community Redevelopment Agency (the CRA) reported:

- a) The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 5.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 10.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$420,249.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$1,814,011.

- e) Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to being on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
- Fort Walton Beach Landing Park Improvements Phases I & II – \$2,479,665
 - Heritage Park & Cultural Center Addition – \$939,506
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), as \$1,624,089.

The specific information reported in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not 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 City Council, and applicable management, and is not intended to be, and should not, be used by anyone other than these specified parties.

We greatly appreciate the assistance and cooperation extended to us during our audit.

Warren Averett, LLC

Fort Walton Beach, Florida
March 15, 2024