

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF NICEVILLE, FLORIDA

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2023

CITY OF NICEVILLE, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2023

Prepared By:

Finance Department

Dan Doucet
City Clerk

CITY OF NICEVILLE, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2023

CITY COUNCIL 2022-2023

Cathy Alley

Carl Donahoo

Sal Nodjomian

Bill Schaetzle

Abner Williams

CITY OFFICIALS

Mayor
Daniel Henkel

City Manager
David Deitch

City Clerk
Dan Doucet

City Attorney
Dixie D. Powell

Director of Public Works
Jonathan Laird

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Honorable Mayor, City Council Members
and Citizens
City of Niceville, Florida

The annual comprehensive financial report of the City of Niceville, Florida for the fiscal year ended September 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operation of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally accepted accounting principles (GAAP) require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management's discussion and analysis (MD&A). This letter is designed to complement the MD&A and should be read in conjunction with it. The City of Niceville's MD&A can be found immediately following the independent auditors' report, located in the financial section.

CITY PROFILE

The City of Niceville has a Council-Manager form of government. In this form of government, the elected Mayor serves as the Council Chairman, presiding at Council meetings, facilitating communication and understanding between elected and appointed officials, and assisting the Council in setting goals and advocating policy decisions. The elected Council are the legislative body and the City's policymakers. Power is centralized in this body which approves the budget and adopts local laws and regulations. The City Council focuses on the community's big-picture goals. The City Council hires and appoints a City Manager based on that person's qualifications, skills, and abilities. The City Manager prepares the budget, recruits, hires, supervises, and terminates government staff, serves as the Council's chief advisor, and carries out policies established by the City Council.

The City provides a full range of services. These services include police and fire protection, protective inspections, emergency and disaster relief, sanitation, construction and maintenance of highways, streets and infrastructure, recreational activities, and cultural events. The City evaluated various other entities associated with the City, for potential inclusion as a component unit within the City's financial statements under Governmental Accounting Standards Board (GASB) criteria established to define the reporting entity. The Niceville-Valparaiso Regional Sewer Board, Inc., the Niceville Housing Authority, and the East Niceville Fire District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. However, the City is a joint venture participant in the Niceville-Valparaiso Regional Sewer Board, Inc. and, as such, does include its respective share of the joint venture profits and losses within the City's Water and Sewer Enterprise Fund.

OKALOOSA COUNTY PROFILE

Nestled in the central portion of the 100-mile long “Miracle Strip” area of the Northwest Florida Panhandle, Okaloosa County is known as the “Playground of the Gulf Coast”. Whether it’s fishing, boating, swimming, sunning, sailing, sports, scuba diving, or just relaxing, we have it all in this land of sunshine!

Our natural, unspoiled, sugar-white beaches are the most beautiful in the world. Blue-green waters lap the brilliant white sands of the Gulf of Mexico, which is why it is called the "Emerald Coast" a true jewel to the eye of the beholder. Quiet bayous, lazy rivers, and thick green forests complement the dazzling shoreline, making this region an all-around place of beauty, enjoyment, and peacefulness.

Okaloosa County encompasses an area of 1,082 square miles, including 152 square miles of inland waters, and has a total population of approximately 217,882. The incorporated City of Niceville has a population of 16,492, while an estimated total of 34,000 people reside in the entire Niceville area, which includes those living within Niceville City limits, plus people living in the nearby unincorporated areas within the 32578-zip code. The Eglin Military Reservation, three miles west of Niceville, is the world’s largest installation of its kind. Its facilities, including undeveloped acreage, are located in the central and southern portions of the County.

This region provides a recreational paradise. The bayous and rivers surrounding Niceville flow into Choctawhatchee Bay, a 30-mile long fisherman’s paradise. Fish commonly found in Choctawhatchee Bay include flounder, blue crab, speckled trout, red fish, mullet, and drum. Eight miles across the bay is the Destin East Pass, which provides deep-sea anglers easy access to the Gulf of Mexico, breeding ground of much of the South Atlantic’s food and game fish. These same waters offer a sparkling setting for swimming, waterskiing, scuba diving, boating, leisure sailing and competitive racing, and regattas sponsored by many area sailing clubs. The local woods and forests offer camping and hiking trails and facilities as well as excellent deer, turkey, duck, quail, and dove hunting.

There are three outstanding community golf courses. Eglin AFB maintains two courses in the heart of Niceville. Rocky Bayou Country Club has a challenging course in surroundings of unsurpassed beauty; and Bluewater Bay offers 18 holes of golf on one of the best courses in Northwest Florida.

OKALOOSA COUNTY HISTORY

Early Indian cultures, Spanish explorers, and pirates all contributed to the colorful past of this part of Florida. Florida was under colonial rule by Spain from the 16th through 19th centuries, except briefly by Great Britain from 1763 to 1783. In the early 20th century, lumber and naval stores selling tar, pitch, and spirits of turpentine and resin, were abundant in this region and furnished much of the livelihood for the sparse population. The early pioneers were self-sufficient hunters, farmers, and fishermen with water as their sole means of transportation.

Florida became a U.S. territory in 1821 and was admitted into the Union as the 27th State on March 3, 1845. Okaloosa County was created on September 7, 1915, by an act of Florida Legislature from parts of two other counties. The name “Okaloosa” is an Indian derivation meaning water (oka) and black (lusa). Another Indian derivative means pleasant place.

CLIMATE

One of the most valued natural attributes of the area is the semitropical climate. With four mild seasons and an average annual temperature of 67.6 degrees, it provides just enough temperature variation to mark the passing of the seasons. Summer average high temperatures range from 80 to 91 degrees and winter average highs range from 61 to 78 degrees. Rainfall averages 66 inches per year, providing weather conditions conducive to outdoor enjoyment throughout each season.

NICEVILLE AND VALPARAISO - HISTORY AND FACTS

Niceville and Valparaiso, the “Twin Cities”, are surrounded by the majestic waters of Boggy Bayou, Tom’s Bayou, Valparaiso Bay, and Choctawhatchee Bay as well as the boundaries of the Eglin Military Installation. However, these cities share more than just common boundaries. They are united in their civic organizations, Chambers of Commerce, educational programs, and medical facilities for the betterment of their communities.

Moss-laden oaks tower over the clean, sandy bays that produce some of the most delicious mullet in the Nation. In fact, mullet were the inspiration and centerpiece of the annual “Boggy Bayou Mullet Festival” which was a nationally renowned event celebrated in Niceville on the third Friday of each October from 1977 through 2019.

Native American and Spanish predecessors have left a history of romantic folklore. Niceville’s more recent history since the 1800’s tells of a tiny fishing village named Boggy, so named for the bayou on which it was located. The fishing industry thrived on the tasty mullet that was salted, sold, traded, and used as food by resident fishermen and their families. As the area grew, the name Boggy was deemed unattractive by residents, so on November 5, 1910 the City was renamed Niceville. In 1919 the name was changed to Valparaiso, Spanish for “Vale of Paradise.”

During this time, John B. Perrine was developing a new community, only a mile outside of Valparaiso, on the 16,000 acres he had purchased. Originally hailing from Valparaiso, Indiana, he named his City “New Valparaiso” after his hometown. With similar names, complications developed between the two adjacent communities, particularly affecting mail delivery. In 1925, the situation was rectified when Valparaiso renamed itself Niceville and New Valparaiso became Valparaiso, as they are today. On May 25, 1939, House Bill 1302 was passed by the Florida Senate, establishing the City of Niceville as a municipality.

ECONOMIC CONDITION AND OUTLOOK

The City of Niceville, Florida, is located in the northwestern Panhandle area of the state, approximately 50 miles east of Pensacola, in central Okaloosa County. Niceville is adjacent to Eglin Air Force Base (AFB), the world’s largest military reservation encompassing 724 square miles. Eglin AFB is Okaloosa County’s largest employer, providing many high-paying jobs in munitions development and testing. The military’s total economic impact on Okaloosa County amounts to approximately $9.2 billion annually. Numerous defense industry-affiliated personnel in the area provide high-tech intellectual skills for a number of businesses. Due to its proximity to Eglin AFB, and the above-mentioned defense industry relationship, the City only experiences mild economic recessions in comparison to other parts of the nation.

Located outside the City is the two-story, 116,000 square-foot Destin-Fort Walton Beach Airport. The Northwest Florida Air Terminal opened a 32,000 square-foot new air terminal, at its current location on State Highway 85 in 1975. It was renamed the Northwest Florida Regional Airport and rebuilt in 2004 with a more spacious passenger terminal, and two longer and wider runways were built to handle the largest jets. On February 17, 2015, Northwest Florida Regional Airport changed its name to Destin-Fort Walton Beach Airport. In September 2022, a 26,000 square-foot airport construction project, funded in large part by Allegiant Airline’s $11.4 million contribution, was completed. That project is the new Concourse “C” on the west side of the airport.

Six airlines operating direct flights between the airport and 44 U.S. cities, served over two million passengers during fiscal year 2022. In late September 2021, Destin-Fort Walton Beach Airport achieved the Global Biorisk Advisory Council (GBAC) STAR accreditation, considered the gold standard for facility cleanliness. To accomplish this, the airport has implemented the most stringent protocols for cleaning, disinfection, and infectious disease prevention.

Attributes that make Niceville a wonderful place to live also make it a great place to do business. A diverse population of hardworking, highly skilled, and educated Americans keep business thriving in our beautiful community. For the second year in a row, Niceville was ranked as the safest city in Florida by SafeWise, a home security and safety company. Niceville was ranked as the best place to live by the Smart Travel website in 2016, and the best place to raise kids by Business Week Magazine in 2012. In addition, the active and retired military personnel who live in the area greatly stimulate the economy. Many residents have served our great nation all over the world and have chosen Niceville and Okaloosa County as the place they prefer to make their home. The sections that follow contain pertinent details concerning labor opportunities for industry and educational achievements of local schools.

LABOR AND INDUSTRY

Opportunities abound for continued or advanced education. The University of West Florida, Troy University, and the University of Florida all have extension centers in Okaloosa County. Northwest Florida State College (NWFSC), located in Niceville, continues to set the standard for labor training with its Costa Leadership Institute, which provides corporate training and consulting for local business and industry, as well as professional development seminars for individuals, to augment the training provided by the college's more than 31 two-year programs of study and five baccalaureate degree programs offered.

One Okaloosa Economic Development Corporation (EDC), located at 1170 Martin Luther King, Jr. Blvd., Fort Walton Beach, is the County's primary organization tasked with improving the area's economy through the attraction and retention of new, diversified employment opportunities and capital investments. Constituted in 1989, EDC serves as a non-profit public/private partnership.

Florida's Great Northwest, an independent nonprofit economic development corporation, is housed at the Niceville campus. The organization works to market and brand the 16-county Northwest Florida region as a globally competitive location for business and works with regional partners to recruit new jobs and investment throughout Northwest Florida. It also works closely with local economic development groups and the local Private Industry Council in providing customized training for new companies, as well as in-house training for expanding firms. With its proximity to Interstate 10 and excellent connections to secondary roads, Okaloosa County is one day closer to most major markets than the rest of the State and can provide 24-hour or same day delivery to southeastern markets. Deep-water ports of Pensacola, Panama City, and the Intracoastal Waterway, along with barge traffic on the Apalachicola River, provide competitive, convenient, and economical access to markets throughout the region.

Over 60 percent of the County's population is between the prime working ages of 18 and 64 years old. Okaloosa County continues to experience steady growth with the most significant increase in the Niceville and Valparaiso area.

EDUCATIONAL ACHIEVEMENTS

Niceville schools are considered among the best in the high-performing Okaloosa County School District. Niceville High School (NHS) is consistently at the top when it comes to academics, athletics, and extracurricular activities. Seniors have earned in excess of $10 million dollars in scholarships in recent years. Recognized throughout this State and Nation, Niceville High School's reputation as a formidable foe continues to strengthen in academic and athletic competitions. NHS has a robust sports program with strong participation and excellent coaching. During the 2022-23 school year, the Niceville High School boys' track and field team won the state championship.

NHS administration, along with a staff of approximately 150, are successfully educating over 2,100 students every day. Accredited by the Southern Association of Colleges and Schools, Niceville High School has been named a New American High School by the U. S. Department of Education, one of only 13 in the Nation to earn that honor. NHS was acclaimed nationally as a *Blue-Ribbon School of Excellence*. For the 2022-23 school year, Niceville High School, Collegiate High School, C.W. Ruckel Middle School, Lula J. Edge Elementary School, and James E. Plew Elementary School were each rated an "A" school by the Florida Department of Education. Based on a combined analysis of all Florida student test results, Okaloosa County School District, which includes Niceville schools, was ranked 5th among 67 Florida school districts.

Niceville High School strives to meet the needs of its students by offering extensive courses in art, English, family and consumer science, foreign language, gifted studies, leadership, math, music, physical education, Reserve Officers' Training Corps (ROTC), science, and social studies. It offers 21 Advanced Placement (AP) courses as well as ten courses through the Academic International Certificate of Education (AICE) Program, from the University of Cambridge in Cambridge, England. In 2019, the College Board designated 193 NHS students as AP Scholars in recognition of their exceptional achievement on the college-level AP-program exams. In addition, the National Hispanic Recognition Program (NHRP) honored students for their excellence in academic achievement.

Niceville High School's chorus has Niceville's more select vocal music ensemble, called Opus One. Annually, Opus One performs at the United States Air Force Armament Museum for the Missing-in-Action/Prisoner-of-War (MIA/POW) remembrance ceremony. NHS is home to a state-of-the-art information technology institute which offers 17 industry certifications, giving its students a financially viable skill. Classes are also offered for those students needing additional resources in reading, math, and science through an Intensive Studies Program (ISP). Niceville High School's aim is to prepare students for a successful transition to college, vocational school, or the workplace. All its programs are open to any student up for the challenge. Visit its website at www.nicevillehighschool.org to learn more about Niceville High School.

The Collegiate High School (CHS), located on the main Niceville campus of Northwest Florida State College (NWFSC), routinely ranks among the best high schools in the State of Florida. CHS opened in 2000 as a fully accredited school receiving accreditation from the Southern Association of Colleges and Schools, and AdvancED, which is an international non-profit, non-governmental primary and secondary school-accrediting organization For the 2021-22 school year, CHS had an initial enrollment of approximately 350 students. CHS has consistently ranked in the top five percent of high schools in the U.S. Department of Education (DOE) School Accountability Report. CHS was given an "A" rating for student academic success by the Florida Department of Education for the 2022-23 school year.

The Department of Education granted NWFSC $2 million to expand its dual-enrollment program at CHS. Highly competitive, academically rigorous programs are provided for students interested in earning an associate degree while attending high school. An advanced program of study provides the opportunity for students to earn a traditional high school diploma and a two-year college degree simultaneously. College transfer credits earned at NWFSC are acceptable at all public universities and colleges in the State of Florida and nationwide. CHS provides a wide array of student activities with a variety of clubs to meet the interests of a diverse student population.

Ruckel Middle School (RMS) is an “A” rated school that serves the Niceville area. Ruckel has been awarded the grade of “A” for 20 consecutive years. RMS has an enrollment of over 1,100 students and a staff of 70 educators. Ruckel promotes excellence in what has become known as the triple A's: academics, arts, and athletics. Academically, RMS regularly receives among the highest scores in the school district and State in the areas of reading, writing, math, and science. It also offers science, technology, engineering, and math (STEM) classes as elective courses in support of its academic mission. Academics are also promulgated by many clubs, including Math-Counts, Odyssey of the Mind, Robotics, and Academic Team. In the area of arts, Ruckel offers band, chorus, art, and digital photography, all of which are recognized at both the district and state-level as award-winning programs. For athletics, RMS participates in 14 different sports for both boys and girls and has frequently won Okaloosa County championships in many of these competitive activities. RMS also has cheer and dance teams that are regularly recognized at the state-level. The school additionally offers many service and interest clubs, including the Multi-Cultural Club, National Junior Honor Society, and Junior Student-to-Student, which supports our military families. For more information about Ruckel Middle School visit www.ruckelmiddleschool.com.

Bluewater, Edge, and Plew are the three public elementary schools from kindergarten to fifth grade (K-5). These schools routinely outscore other district schools on standardized student performance test summary outcome reports.

Okaloosa Science, Technology, Engineering, Mathematics, Medical (STEMM) Academy, established in 2012, is a public middle school of choice committed to the mission of celebrating, challenging, developing, and inspiring our Nation’s next generation of leaders. Okaloosa STEMM Academy is also a central hub for pre-kindergarten students with disabilities. Currently, it has an enrollment of over 300 middle school students and 75 pre-kindergarten students. Okaloosa STEMM Academy has earned an “A” school rating for the 10th consecutive year since its inception. The STEMM Academy remains one of the top schools for academics in the State of Florida.

Niceville is also home to a private elementary school, Rocky Bayou Christian School. Rocky Bayou enrolls approximately 1,000 students on two campuses for pre-kindergarten through twelfth grade classes featuring an environment based on religious principles. The school employs a two-track grade system, with one track for advanced students, and offers programs for learning-disabled students. In October 2020, Rocky Bayou Christian School was rated by TheBestSchools.org as one of the 50 best Christian high schools, out of nearly 12,000 private Christian high schools in America.

Northwest Florida State College (NWFSC) is a public college, accredited to award baccalaureate and associate degrees, which serves more than 8,000 students annually at seven area campuses and centers. The college’s 265-acre main campus is located at 100 College Boulevard in Niceville. This campus houses the college administration and major facilities such as the Mattie Kelly Fine and Performing Arts Center, the Emerald Coast Autism Center, a sports complex, Learning Resources Center (library), and facilities for the college’s various health and safety instructional programs, such as nursing (RN and BSN), dental assisting, radiography, EMT and paramedic, and public safety.

NWFSC has expanded its Commercial Driver’s License (CDL) program with $413 thousand of funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Governor Ron DeSantis awarded NWFSC an additional $4.35 million of job growth grant funding during fiscal year 2022. In October 2021, NWFSC was awarded $2.85 million to fund a new diesel mechanic technician training program. In September 2022, another $1.50 million was awarded to NWFSC for the expansion of its CDL program. The grant funding allowed NWFSC to purchase trucks, trailers, hydraulics, and mechanical drive learning systems at an official testing site.

The Mattie Kelly Fine and Performing Arts Center at NWFSC in Niceville is the region's premiere venue for outstanding entertainment and hosts Broadway's best touring shows, art exhibits, and the Northwest Florida Symphony Orchestra, as well as music and cultural performances of all genres. The $25 million, 12-acre complex features a main stage theater with seating for up to 1,650. It also has a smaller theater venue with seating for 195, art galleries which feature touring art exhibits and houses the college's multi-million-dollar permanent art collection, a recital hall, a visual arts building, a music wing, an amphitheater which accommodates up to 3,500 people for outdoor events, and other cultural and instructional facilities.



Performing Arts Center at Northwest Florida State College

Okaloosa County is a leading technology-based industrial center, making it Florida's premier world-class employer for engineers, scientists, and technology experts. Okaloosa County is home to the University of Florida's Research and Engineering Education Facility (REEF), an extension of the Herbert Wertheim College of Engineering, where top engineers gain master's or doctorate degrees in mechanical, aerospace, electrical, computer, or industrial systems engineering. The REEF also has a program, called the UF Innovation Station REEF, which is committed to growing a pipeline of students to attend engineering schools, by supporting the efforts of school district K-12 teachers.



Northwest Florida State College
Entire Campus (left) and Community Services Complex/EOC (right)

NICEVILLE YOUTH ADVISORY COUNCIL

The City of Niceville established a Youth Advisory Council in 2013, under the leadership of Councilman Sal Nodjomian, to provide a voice for youths in the City and establish a direct medium for civic involvement among this group. The award-winning Youth Advisory Council stays very active representing the diverse youth population in the City. It was awarded the top prize in the Florida League of Cities' (FLOC) Municipal Youth Council Community Service competition in 2022, 2020, and 2017. In 2019, it was awarded a top prize in the Municipal Youth Council Video Competition. The Youth Advisory Council travels to Tallahassee each year to learn more about government at the state-level.

MAJOR INITIATIVES

National Flood Insurance Program

As part of the National Flood Insurance Program's (NFIP) Community Rating System (CRS) program, the City provides map determinations and Flood Insurance Rate Map (FIRM) data to inquirers and provides information on the flood insurance purchase requirement as a service to its citizens. The Niceville Public Library maintains a rack specifically for documents related to flood insurance, flood protection, and floodplain management as a service to citizens.

Fire Insurance Classification

The Insurance Services Office (ISO), which serves the property and casualty insurance marketplace, analyzes data about property fire protection and suppression programs, then issues its Public Protection Classification (PPC) rating to indicate an organization or area's property fire protection capability. In 2021, the City of Niceville Fire Department's PPC rating improved from a respectably low Class 3 rating to a very low Class 2 rating! The reduction in the PPC rating has led to reductions of over 45% in property insurance premiums for owners of insured properties within the City.

Recreation Trails

Turkey Creek Nature Trail



Niceville's Turkey Creek Nature Park has been expanding and improving over the past 33 years. Since 1990, the City has added over 190 acres to the park, mostly through grants and donations, including three Florida Communities Trust (FCT) grants and two Florida Recreational Development Assistance Program (FRDAP) grants. These grants have funded improvements including a pavilion, a deck, and bridges across the 4,000 feet of elevated boardwalk along Turkey Creek. Additionally, partnership money from the U.S. Fish & Wildlife Service has paid in part for interpretative signage describing native flora and fauna along the boardwalk. Other grant-funded improvements include a canoe/kayak launch and recovery facility, a fishing platform, an access trail and observation deck, restroom facilities, driveway access from College Boulevard, additional parking, and landscaping improvements.

Recreation Facilities

The Youth Center caters to children who enjoy skateboarding and bicycling. It includes a concrete pad that has ramp equipment installed for the use of skating or bicycling. These are considered intermediate level ramps. Participants must be at least six years old. Young participants must be cautious while using ramps. Every participant must wear a helmet at all times. The area has lighting for dark hours of operation. The facility has restrooms and a snack room with vending options. In 2019, an improved fence was installed to keep visitors out when staff is not present.



Youth Center Skate Park

Also located in the Niceville Civic Complex is the Children's Park. The Children's Park is open five days each week and staffed for the safety of our guests. Site accessibility is emphasized to provide easy mobility for people of all ages and physical abilities at this hazard-free facility. Numerous modern play stations provide for both safety and fun. The playground's construction was primarily funded by private and corporate donations, underscoring Niceville's strong community spirit.

In 2022, the City added shade canopies to the facility. Along with the water splash park, these shaded areas help children stay cool during the warmer summer months. An estimated 400 to 800 guests visit and enjoy the park in an average week. Articles featuring the park have appeared in national recreation and park association magazines, and landscape architect publications. This park has truly added to the quality of life in Niceville.

Niceville Library



The Niceville Public Library opened in August 2000 as a $2.5 million, 17,500 square-foot, state-of-the-art facility. The City received a $500,000 construction grant from the State of Florida to help build this library for our community. The City was later awarded a $400,000 construction grant for expansion of the library, and in December 2006, a 5,000 square-foot addition was opened to the public, bringing the total square footage to 22,500.

The Library draws a constant stream of visitors daily while contributing to the overall beauty within the heart of the City. There are nearly 12,000 active cardholders and 73,456 items in the Library's collection as of September 30, 2021. Over 226,000 items are circulated each year. An integral part of the Okaloosa County Public Library Cooperative, the Niceville Public Library is a valued intellectual resource for County residents.

Niceville Community Center

The Granny Edge Community Center, located next door to the Niceville Library on Partin Drive, can comfortably accommodate 250 people in the big hall and 20 people in the classroom. The building is used year-round for weddings, receptions, meetings, presentations, and other functions. Visitors to the complex enjoy sitting in the courtyard in front of the Community Center to relax and enjoy the weather, sometimes with a meal and a friend.



Lion's Park

Lion's Park

Named because of its affiliation with the local Lions Club, Lion's Park is one of the favorite local swimming, picnicking, and boat-launching areas in Niceville. In the early 1950s, members of the local Lions Club renovated this area and turned it over to the City to maintain. The City constructed several gazebos and water fountains, and the annual Boggy Bayou fireworks display is held every 4th of July in the waters adjacent to the park.

Niceville Senior Center

On December 11, 2018, the Niceville Senior Center, located at 201 Campbell Drive, opened with a celebration that included a ribbon-cutting, refreshments and a performance by a premier Niceville High School vocal group, Opus One. The Senior Center empowers and enhances the lives of adults 55 and older through programs and caring services that promote wellness, social connection, support, nutrition, education, independence, activities, volunteerism, and fun.

The 9,200 square-foot Senior Center features a large social area, a retro-themed "Corbin Cafe", a well-equipped kitchen with large appliances and a milkshake machine, two multi-purpose rooms, a fitness room, a computer lab, and a large outdoor courtyard with a tower clock, stage, water and fire features, and raised planting beds. There is a game room which includes billiards, ping pong tables and card tables. There multi-purpose rooms offer space adequate for dance, exercise, art, and education classes. Outside the senior center, you will find a welcoming front porch with rocking chairs, a walking trail, pickleball and shuffleboard courts, exercise stations, and a putting green area.

DEPARTMENT FOCUS

Although the City has designated departments within the organizational structure, we do not single out individual departments for recognition but view our organization as one unit. Under this team concept, we have expanded a soccer field complex into off-season utilization of two additional little league softball fields and have constructed our recreation trails utilizing in-house personnel and equipment. The City of Niceville and the Community of Niceville have joined forces to supply lights to the Twin Oaks Recreation Area. Niceville is proud of the athletics in the community and this project will help feed local programs so children can have the opportunity to learn sports in proper facilities. Now the Twin Oaks recreation complex will have proper lighting so that children can play and practice with adequate lighting after dark.

Three new pickleball courts were added to the Senior Center facility in fiscal year 2022, which makes five total courts at the facility. All five courts are equipped with LED lights for night use. A putting green was also added to the facility in Spring 2022. During fiscal year 2023, four new pickleball courts were constructed at Meigs Park for use during daylight hours only.

In 2022, the City's Youth Advisory Council imagined and administered a park-naming contest for an unnamed neighborhood park. Opened in May 2021, Rocky Runway Common Park includes a paved walking trail, basketball court, exercise equipment, and several benches. This park will soon have a "Born Learning Trail", which was gifted to the City from the local chapter of the United Way. Okaloosa County transferred the land to the City of Niceville for the purpose of building the park.



Rocky Runway Common Park

We saved over $100,000 in construction costs for our skate park through the in-house concept. This approach has instilled civic pride throughout the City's departments which has grown onward to the citizens and visitors of our community. Our beautification efforts have been used by representatives from the Florida Department of Transportation as guidelines for other municipalities to implement.

The City of Niceville also has a City-wide beautification program involving planted wildflowers along the right of way, shrubs, flowers, and trees in the highway medians, and a series of benches and swings for pedestrians to sit, rest, and reflect during their walking or jogging program.

In 2021, the City of Niceville honored our City's history with a Civilian Conservation Corps (CCC) Worker Statue ™. The statue, honoring the enrollees of CCC Camp Bigby, the first CCC camp in Florida, was installed on a brick pedestal with an engraved description stating in part, "This statue is dedicated to honor the enrollees of CCC Camp Bigby, established May 19, 1933." The CCC was a Great Depression-era New Deal federal work relief program for unmarried young men that operated from 1933 to 1942.



Three historical markers were installed in City of Niceville historic locations in 2022. The *Old Maritime City* historical marker commemorates Niceville as the center of the commercial fishing industry of the Choctawhatchee Bay region during the late 19th and early 20th centuries. The *Niceville Fire 1934* historical marker identifies the location where a crew of 200 CCC men teamed with the fire crews of the Choctawhatchee National Forest to extinguish a fire that destroyed several businesses and the post office in 1934. The *Boggy Mill Company Site* historical marker demarcates where a sawmill was located on 40 acres on the east side of Boggy Bayou, which is present day Niceville. The Boggy Mill Company incorporated in 1908, creating local jobs in logging, turpentine, and shingle-getting. The company was purchased by J.P. Rawls in 1912 and later purchased by developer R.E.L. McCaskill.



FOR THE FUTURE

Plans for fiscal year 2024 include a $5 million project to design and construct a new administration building and City Council Chambers. Funding of $500,000 for the design and engineering of a new police department building is also included in the City's budget for fiscal year 2024.

Sewer projects budgeted in fiscal year 2024 include: improvements at two lift stations, $168,400; and improvements to the Twin Oaks Park restrooms, $165,000.

Re-use water projects scheduled for fiscal year 2024 include $2,100,000 toward a project to pipe re-use water to Deer Moss Creek Subdivision using American Rescue Plan Act (ARPA) grant funds.

Stormwater drainage projects planned in fiscal year 2024 include: Hart Street stormwater and roadway improvements, $1.5 million; Gracie Lane Woodridge, $60,000; Hill Lane improvements, $750,000; Valparaiso Boulevard swale restoration, $600,000; Pine Court, $70,000; and Pine Lake, $65,000. In total, fiscal year 2024 stormwater projects are funded in the amount of $3,473,000.

Another exciting potential City project anticipated for the near future was described at the December 2023 City Council meeting. Okaloosa County Commissioner Mel Ponder provided an update to the Niceville City Council and citizens in attendance about plans to petition the Florida Legislature for $2 million in funding to revitalize Meigs Park. Commissioner Ponder is working with County and City leaders in creating a plan to expand, update, improve, and renovate Meigs Park to become a premier Americans with Disabilities Act (ADA) compliant park. Some upgrades in the proposed project would include an ADA playground, a combination basketball and volleyball court, and a large pavilion with a quiet room.

PUBLIC & PRIVATE RECREATION / OPEN SPACE EXISTING NICEVILLE FACILITIES

Facility	Classification	Public/ Private	General Activities Provided	Size
Palm Lake Park	Mini Park	Public	Open space	8.04 acres
Palm Park	Mini Park	Public	Open space	1.61 acres
Sherry Park	Mini Park	Public	Open space	0.60 acres
Stables	Mini Park	Public	Open space	1.46 acres
Total Mini Parks				**11.71 acres**
Cedar Park	Neighborhood	Private	Swings, gazebo	0.50 acres
Dana Park	Neighborhood	Private	Open space	4.68 acres
Kelly Hill Park	Neighborhood	Public	Basketball courts, playground equipment	1.00 acres
Kiwanis Park	Neighborhood	Public	Open space, fishing, swings	2.32 acres
Meigs Park	Neighborhood	Public	Tables, tennis courts, basketball courts	6.00 acres
Total Neighborhood Parks				**14.50 acres**
Bullock Pond	Community	Public	Fishing, boardwalk	1.80 acres
Children's Park	Community	Public	Benches, gazebos, playground equipment, tables, amphitheater, splash park	1.00 acres
City Hall Park	Community	Public	Gazebos, swings, benches, golf putting green	0.50 acres
Edgewater North Park	Community	Public	Open space	4.00 acres
Gateway Park	Community	Public	Open space, benches	1.00 acres
Leota Miller Park	Community	Public	Open space	4.50 acres
Lion's Park	Community	Public	Boat ramp, picnic tables, gazebos	2.00 acres
Mullet Festival Site	Community	Public	Open space	36.30 acres
Niceville City Park	Community	Public	Tables, baseball fields	11.88 acres
Pin Oak Park	Community	Public	Open space, benches	1.33 acres
Senior Center	Community	See Note [1]	Multi-purpose rooms, game rooms, pickle ball and shuffleboard courts	1.80 acres
Shirk's Bayou	Community	Public	Open space	2.57 acres
Twin Oaks Park	Community	Public	Baseball fields, soccer fields, concession stands, horseshoe pits	10.60 acres
Turkey Creek Park	Community	Public	Open space	76.39 acres
Turkey Creek Park (North Valparaiso)	Community	Public	Open space, conservation area, pavilions, tables, grills, boardwalk, restrooms	47.27 acres
Turkey Creek Park (South, Neal)	Community	Public	Conservation area, pavilions, tables, grills, bridge, walkway, restrooms	57.35 acres
Rocky Runway Common Park	Community	Public	Paved walking trail, benches, grass fields, basketball court	3.45 acres
Youth Center	Community	Public	Skateboarding, bicycling, concession area, picnic tables, restrooms	4.00 acres
Total Community Parks				**267.74 acres**
Grand Total				**293.95 acres**

[1] Senior Center membership may be required. Contact Senior Center at (850) 279-6436, ext. 1600

OTHER INFORMATION



Cash Management

Where safety and liquidity requirements permit, much of the City's surplus cash was invested, at improved interest rates, in U.S. Treasury Notes and Bills, with the remaining surplus cash invested in negotiable certificates of deposit, held in a safekeeping account at a qualified public depository, until maturity in late 2023. The City's investment policy parallels F.S. §218.415, which dictates that optimization of investment returns shall be secondary to the requirements for safety and liquidity. Accordingly, all investments were adequately insured by the Federal Deposit Insurance Corporation (FDIC) or were collateralized in accordance with Florida law. All deposits and investments are placed with a primary goal of low risk of loss of principal and adequate liquidity, while earning competitive returns considering the primary goals.

Budget Process

By July of each year, the City Manager prepares and has presented to the City Council, at public budget workshops, an annual budget for all funds. The Council, at the public budget meetings, considers and comments on the draft budget, and revisions may subsequently be incorporated. The draft budget is considered and voted upon by the City Council at two public budget hearings each year in September. The City complies with the State's Truth in Millage (TRIM) laws for advertising, discussing, and adopting a final budget before the start of the new fiscal year on October 1st. The draft budget and adopted budget are posted on the City's website before the public budget hearings. During the year, at City Council meetings, the City Manager may propose, and the City Council may adopt budget amendments. Any adopted budget amendments are posted on the City's website.

Independent Audit

State statutes (F.S. §218.39) require an annual audit by independent certified public accountants. The accounting firm of Warren Averett, LLC, was selected by the City Council. The auditors' report on the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information is included in the financial section of this report. The auditors' reports related to compliance with laws and regulations and to the evaluation of the internal control structure are included in the compliance section.

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 Niceville for its annual comprehensive financial report for the fiscal year ended September 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the 37th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department with cooperation and support from many other City departments and local government agencies. Each member of each department, and each cooperating agency official, who responded to our information requests have our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Council and the City Clerk, Mr. Dan Doucet, preparation of this report would have not been possible.

Sincerely,



March 25, 2024

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Niceville
Florida

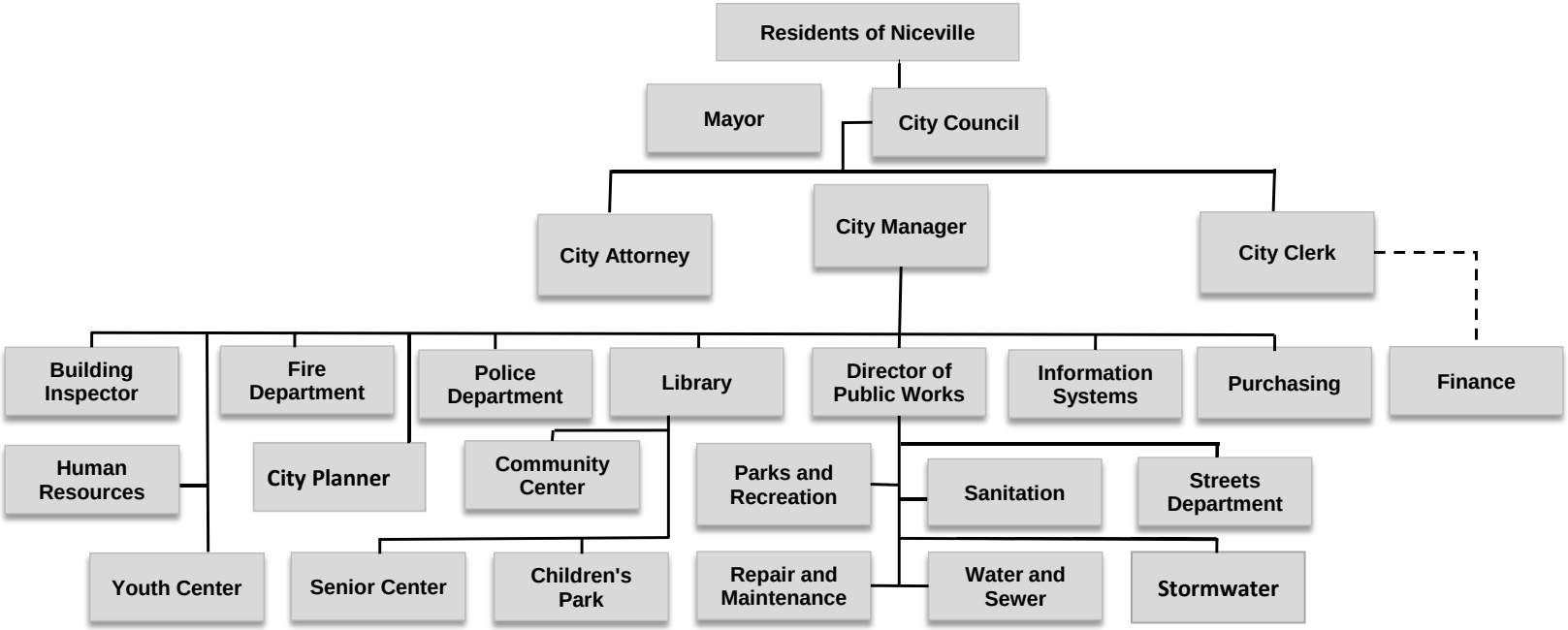
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

City of Niceville, Florida
ORGANIZATIONAL CHART
Year Ended September 30, 2023



II. FINANCIAL SECTION

- **INDEPENDENT AUDITORS' REPORT**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS**
- **BASIC FINANCIAL STATEMENTS**
  - **Government-Wide Financial Statements**
  - **Fund Financial Statements**
  - **Notes to Financial Statements**
- **REQUIRED SUPPLEMENTARY INFORMATION**

Warren Averett
CPAs AND ADVISORS

45 Eglin Parkway, N.E., Suite 301
Fort Walton Beach, FL 32548
850.244.5121
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Niceville, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Community Redevelopment Agency (CRA) Fund, and Discretionary Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Auditors' 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 and the schedules related to the pension and OPEB liabilities and contributions, 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.

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 auditors' 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 25, 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.

Warren Averett, LLC

Fort Walton Beach, Florida
March 25, 2024

As management of the City of Niceville, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended September 30, 2023. 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-xvii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $74.5 million (net position), which represents an increase of $4.3 million from the prior fiscal year.
- Of the $74.5 million of net position on September 30, 2023, $52.8 million represents investments in capital assets (e.g., land, construction in progress, infrastructure, building, machinery and equipment) less any related debt used to acquire these assets that is still outstanding, $12.6 million is restricted by external sources or enabling legislation, and $9.1 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2023, the net pension liability increased by $3.3 million, to a total liability of $15.7 million at year-end. Of this increase, $2.6 million relates to governmental activities, and $648 thousand relates to business-type activities.
- The City's governmental funds reported ending fund balance of $9.5 million, which represents a $560 thousand decrease from the prior fiscal year. Ending fund balance of $4.5 million is restricted for specific purposes, and $5.0 million is assigned or unassigned and available for spending at the discretion of the City Council. Assigned and unassigned fund balances represent 23.2% of the total operating expenditures for the City's governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the financial statements is on both the City as a whole (government-wide), and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year-to-year, government-to-government), and enhance the City's accountability.

This discussion and analysis intends to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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.

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements consolidate governmental and business-type activities into two columns, which add 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.

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

The statement of activities presents information showing how the 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 of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (including city manager, city clerk, human resources, finance, purchasing, building inspector and non-departmental expenses), public safety (including police and fire), transportation (including public works, administration, streets, repairs and maintenance), internal service (central garage), economic environment (improvement districts), human service (animal control) and culture and recreation (parks, library, community center and youth center). The business-type activities of the City include water and sewer, sanitation and stormwater utility management. The government-wide financial statements are found on pages 17 - 20 of this report.

Fund Financial Statements
A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities of objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be 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 focus 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. Found on pages 21 - 27 of this report are the basic governmental fund financial statements.

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 three governmental funds (General Fund, Community Redevelopment Agency Fund, and Discretionary Sales Tax Fund). Information is presented 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 special revenue funds. The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements are provided to demonstrate compliance with the adopted budget.

Proprietary Funds
Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its utility operations (water operations and distribution, sewer collections and treatment), sanitation, and stormwater utility management operations.

The City's major proprietary funds include the water and sewer fund, sanitation fund, and stormwater fund. The City has no non-major proprietary funds. Found on pages 28 - 32 of this report are the basic proprietary funds financial statements.

Fiduciary Funds
Fiduciary funds are used to account for resources held for the benefit of individuals or private organizations. The City has a Scholarship Trust Fund that is used to account for resources held pursuant to the Katie W. Moody Estate and Will. 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. Found on pages 33 - 34 of this report are the fiduciary fund financial statements.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 35 of this report are the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $74.5 million (net position) for the fiscal year ended September 30, 2023, as reported in Table 1.

By far the largest portion of the City's net position, $52.8 million (or 70.8%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports 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.

TABLE 1
CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023 AND 2022
(In Thousands of Dollars*)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 13,797	$ 15,146	$ 35,037	$ 37,150	$ 48,834	$ 52,296
Capital assets	23,757	20,413	36,775	32,646	60,532	53,059
Total assets	37,554	35,559	71,812	69,796	109,366	105,355
Deferred outflows related to pensions	3,412	2,896	836	709	4,248	3,605
Deferred outflows related to OPEB	1,202	1,266	477	503	1,679	1,769
Deferred charges on refunding	-	-	164	181	164	181
Total deferred outflow of resources	4,614	4,162	1,477	1,393	6,091	5,555
Long-term liabilities outstanding	17,179	14,666	11,073	11,489	28,252	26,155
Other liabilities	5,071	5,948	5,585	6,294	10,656	12,242
Total liabilities	22,250	20,614	16,658	17,783	38,908	38,397
Deferred inflows related to pensions	362	428	89	105	451	533
Deferred inflows related to OPEB	1,150	1,272	456	505	1,606	1,777
Total deferred inflow of resources	1,512	1,700	545	610	2,057	2,310
Net position						
Net investment in capital assets	22,493	18,707	30,273	24,866	52,766	43,573
Restricted	4,499	4,651	8,098	7,814	12,597	12,465
Unrestricted	(8,586)	(5,951)	17,715	20,116	9,129	14,165
Total net position	$ 18,406	$ 17,407	$ 56,086	$ 52,796	$ 74,492	$ 70,203

**all dollar amounts rounded to the nearest thousand*

An additional portion of the City's net position, $12.6 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, $9.1 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was $4.3 million during fiscal year 2023. The net position of governmental activities increased $1.0 million, which is primarily attributable to an increase in property tax revenues and nonrecurring American Rescue Plan Act (ARPA) grant awards. The net position of business-type activities increased $3.3 million primarily due to an increase in capital grants and contributions.

The increase in capital grants and contributions was primarily the result of two factors. First, the City commenced construction on the Boggy Bayou Headwaters Restoration Project funded by a grant from the National Fish and Wildlife Foundation during the fiscal year. Second, there was a significant increase in impact fees collected as the result of residential development in the Deer Moss Creek subdivision.

Reported in Table 2 are the key elements of the increase in net position.

TABLE 2
CITY OF NICEVILLE, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	$ 1,317,967	$ 1,180,696	$ 13,731,053	$ 12,945,800	$ 15,049,020	$ 14,126,496
Operating grants & contributions	664,899	351,069	15,350	58,430	680,249	409,499
Capital grants and contributions	304,065	221,246	5,531,245	2,195,838	5,835,310	2,417,084
General revenues						
Property taxes	5,416,526	4,743,387	-	-	5,416,526	4,743,387
Other taxes	8,888,743	8,566,360	-	-	8,888,743	8,566,360
Other revenue	1,747,436	1,204,792	784,986	415,300	2,532,422	1,620,092
TOTAL REVENUES	18,339,636	16,267,550	20,062,634	15,615,368	38,402,270	31,882,918
EXPENSES						
Primary government						
General government	3,916,637	3,522,888	-	-	3,916,637	3,522,888
Public safety	8,274,730	5,783,696	-	-	8,274,730	5,783,696
Transportation	1,499,350	1,240,065	-	-	1,499,350	1,240,065
Internal services	1,092,709	962,854	-	-	1,092,709	962,854
Economic environment	209,005	164,722	-	-	209,005	164,722
Human services	104,280	95,556	-	-	104,280	95,556
Culture and recreation	4,701,863	3,750,506	-	-	4,701,863	3,750,506
Debt service interest and fees	41,935	46,398	-	-	41,935	46,398
Business-type activities						
Water and sewer	-	-	9,531,673	8,278,466	9,531,673	8,278,466
Sanitation	-	-	4,209,059	3,874,282	4,209,059	3,874,282
Stormwater	-	-	532,041	574,365	532,041	574,365
TOTAL EXPENSES	19,840,509	15,566,685	14,272,773	12,727,113	34,113,282	28,293,798
Increase (decrease) in net position before transfers	(1,500,873)	700,865	5,789,861	2,888,255	4,288,988	3,589,120
Transfers	2,500,000	800,000	(2,500,000)	(800,000)	-	-
Increase in net position	999,127	1,500,865	3,289,861	2,088,255	4,288,988	3,589,120
NET POSITION, BEGINNING	17,407,308	15,906,443	52,796,110	50,707,855	70,203,418	66,614,298
NET POSITION, ENDING	$ 18,406,435	$ 17,407,308	$ 56,085,971	$ 52,796,110	$ 74,492,406	$ 70,203,418

FINANCIAL IMPACTS

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

- Economic Condition: This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas, or other tax revenue.

- Council Approved Rate Adjustments: While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, impact fees, recreation user fees, etc.).

- Changing Patterns in Intergovernmental Grant Revenue (both recurring and non-recurring): Certain recurring revenues (state revenue sharing) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and are often distorting in their impact on year-to-year comparisons.

- Market Impacts on Investment Income: The current market conditions have a significant influence on the City's investment income causing it to fluctuate greatly.

Expenses

- Introduction of New Programs: Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.

- Authorized Position Adjustments: Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent a large portion of the City's operating expenses.

- Salary Adjustments: The ability to attract and retain human and intellectual resources requires the City to strive for a competitive salary range position in the marketplace.

- Inflation: While overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil, and parts. Some fluctuations may experience commodity specific increases.

Current Year Impacts – Governmental Activities

- Operating grants and contributions increased by $314 thousand, or 89.4%, due to the City expending nonrecurring American Rescue Plan Act (ARPA) grant funding received in prior fiscal years.

- Property tax revenues increased by $673 thousand, or 14.2%, which is primarily attributable to an increase in the assessed value of taxable property.

- Public safety expenses increased by $2.5 million, or 43.1%, which is primarily attributable to an increase in payroll and employee benefit costs, most notably actuarial pension expense.

- Culture and recreation expenses increased by $951 thousand, or 25.4%, which is primarily the result of increases in payroll and employee benefit costs.

Chart 1
Expenses by Function/Program – Governmental Activities

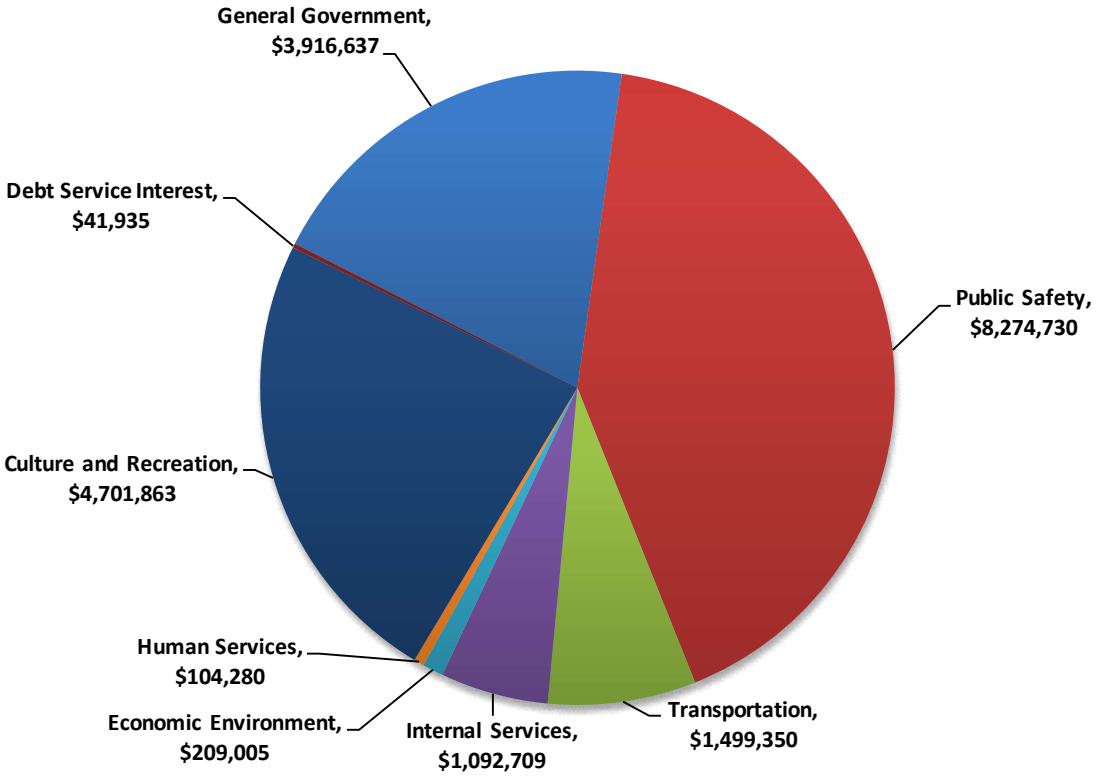
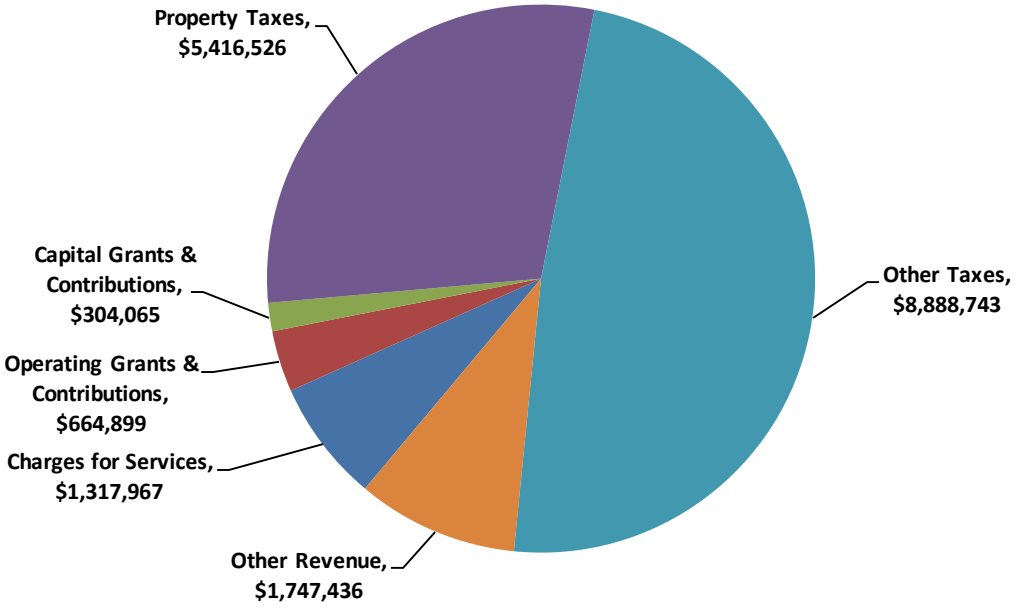


Chart 2
Revenues by Source - Governmental Activities



Current Year Impacts – Business-Type Activities

- Capital grants and contributions increased by $3.3 million, or 151.9%, which is primarily attributable to two factors. First, revenues from impact fees increased $2.3 million, which is a result of significant residential development in the Deer Moss Creek subdivision during the current fiscal year. Second, capital grants increased by $1.0 million as construction commenced on the Boggy Bayou Headwaters Restoration Project funded by the National Fish and Wildlife Foundation.

- Charges for services increased by $785 thousand, or 6.1%. This increase is primarily attributable to an increase in rates charged for water and sewer services.

- Water and sewer expenses increased by $1.2 million, or 15.1%. The largest contributing factor to this increase was an increase in payroll and employee benefit costs, most notably actuarial pension expense.

Chart 3
Expenses and Program Revenue – Business-Type Activities

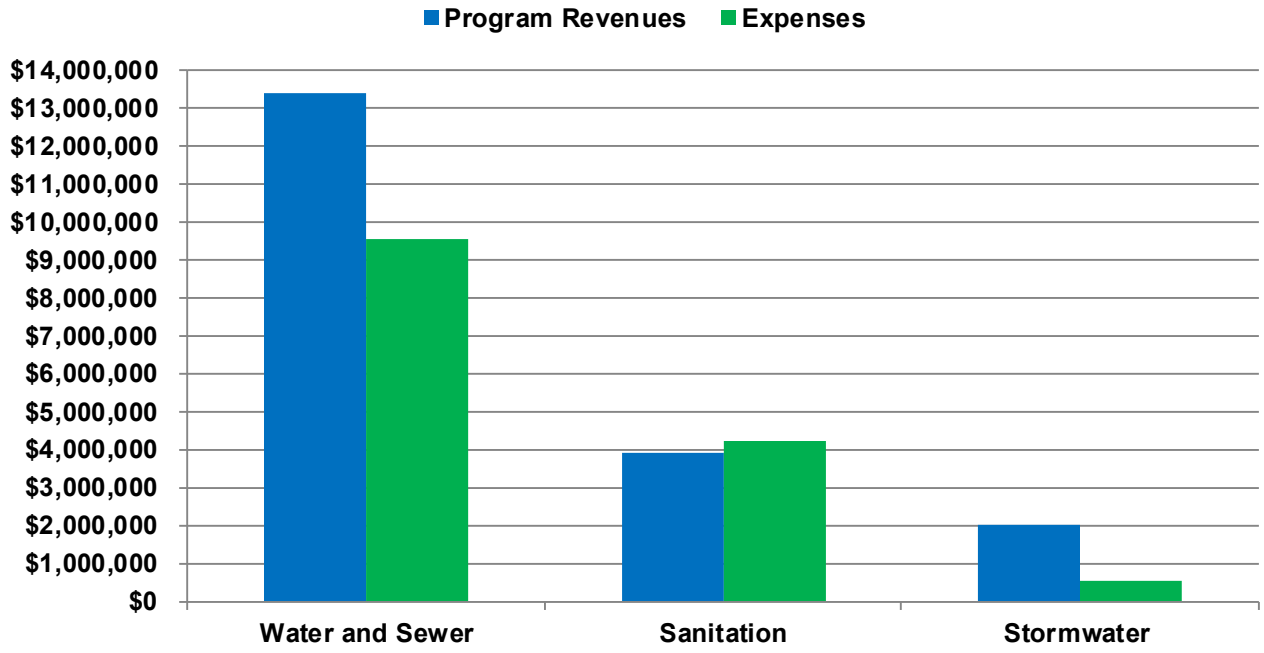
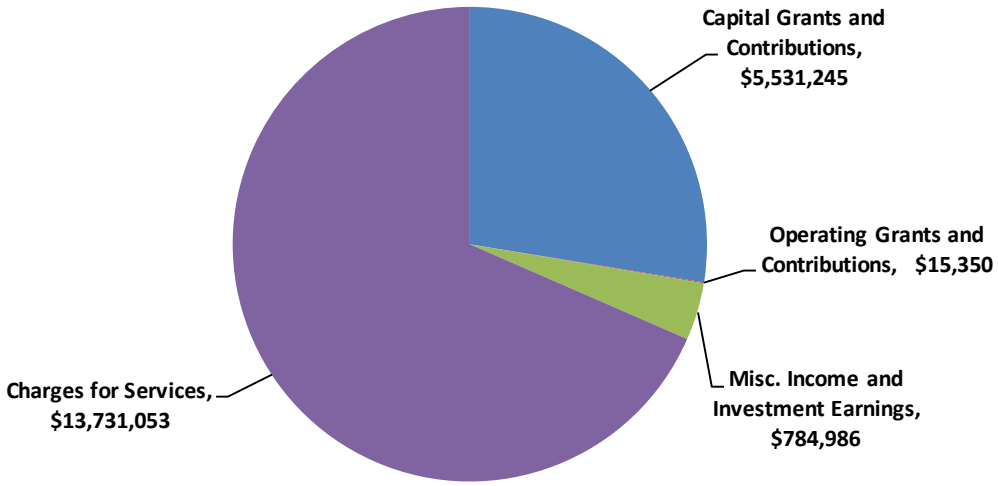


Chart 4
Revenues by Source – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of fiscal year 2023, the City's governmental funds reported ending fund balance of $9.5 million, a $560 thousand decrease from the prior fiscal year. This decrease is primarily attributable to a significant increase in capital outlay expenditures. This increase in capital outlay was driven by the purchase of two real estate parcels with a cost of $1.3 million during fiscal year 2023. Approximately $5.0 million of fund balance constitutes assigned or unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance is classified between nonspendable and restricted, based on the level of constraints placed on those funds.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2023, assigned and unassigned fund balances of the General Fund were $5.0 million, while total fund balance reached $5.5 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. Assigned and unassigned fund balance represents 26.9% of the total General Fund expenditures, while total fund balance represents 29.4% of that same amount.

During fiscal year 2023, the fund balance of the General Fund decreased by $331 thousand. This decrease is remarkably consistent with the prior year decrease in fund balance of $323 thousand reported by the General Fund. While the General Fund reported an increase in revenues of $1.8 million, that increase was offset by a $1.5 million increase in capital outlay expenditures.

During fiscal year 2023, the fund balance of the Community Redevelopment Agency (the CRA) Fund increased by $544 thousand. This increase was primarily driven by an increase the assessed value of taxable property within the CRA's boundaries.

During fiscal year 2023, the fund balance of the Discretionary Sales Tax Fund decreased by $773 thousand. This decrease is primarily attributable to expending discretionary sales tax proceeds accumulated in previous fiscal years on street resurfacing and sidewalk extension capital projects in fiscal year 2023.

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 $17.7 million at the end of the fiscal year. The Water and Sewer Fund and Stormwater Fund reported unrestricted net position of $17.1 million and $795 thousand, respectively. The Sanitation Fund reported an unrestricted deficit of $148 thousand.

Net position for proprietary funds increased $3.3 million during the fiscal year. In the prior fiscal year, the net position for the proprietary funds increased $2.1 million. The $1.2 million variance is primarily attributable to an increase in impact fees collected as the result of significant residential development in the Deer Moss Creek subdivision.

BUDGETARY HIGHLIGHTS

General Fund

- No amendments were made to the original adopted budget for 2023.

- Actual revenues exceeded budgetary expectations by $566 thousand, which is primarily attributable to unanticipated building permit revenues and franchise fees remitted by electric and natural gas service providers.

- Actual expenditures were less than budgeted expectations by $2.9 million, which is attributable to various factors, most notably, unused contingency reserves and delays in the commencement of planned capital projects.

CAPITAL ASSET AND LONG-TERM DEBT OUTSTANDING

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to $60.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, subscription assets, park facilities, roads and highways, etc. The total increase in the City's investment in capital assets for the current fiscal year was $7.5 million and is summarized in Table 3 below.

TABLE 3
CITY OF NICEVILLE, FLORIDA
CAPITAL ASSETS
(NET OF DEPRECIATION)
AS OF SEPTEMBER 30, 2023 AND 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 8,287,684	$ 6,991,099	$ 1,980,577	$ 1,487,661	$ 10,268,261	$ 8,478,760
Buildings	2,944,397	3,016,140	1,037,139	1,096,952	3,981,536	4,113,092
Improvements other than buildings	10,618,226	7,463,154	23,202,364	24,825,617	33,820,590	32,288,771
Infrastructure	710,889	863,812	-	-	710,889	863,812
Machinery and equipment	776,769	720,158	2,220,538	1,902,116	2,997,307	2,622,274
Subscription assets	251,763	110,968	-	-	251,763	110,968
Construction in progress	167,616	1,248,043	8,334,604	3,333,736	8,502,220	4,581,779
Total	**$ 23,757,344**	**$ 20,413,374**	**$ 36,775,222**	**$ 32,646,082**	**$ 60,532,566**	**$ 53,059,456**

Additional information on the capital assets of the City can be found in Note 6 of the financial statements.

Long-Term Debt Outstanding

At the end of the current year, the City had long-term debt outstanding of $9.0 million, which represents a decrease of $1.7 million from the prior year. 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 process for approval of this type of debt. The City's outstanding long-term debt is summarized in Table 4 below.

Table 4
City of Niceville, Florida
Long-Term Debt Outstanding
AS OF SEPTEMBER 30, 2023 AND 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue bonds	$ 690,700	$ 915,200	$ 7,473,826	$ 8,597,150	$ 8,164,526	$ 9,512,350
Commercial notes payable	126,000	189,000	-	-	126,000	189,000
State revolving fund loans	-	-	212,420	228,461	212,420	228,461
Financing contracts payable	208,220	501,214	-	145,000	208,220	646,214
Subscription liabilities	239,419	110,968	-	-	239,419	110,968
Total	**$ 1,264,339**	**$ 1,716,382**	**$ 7,686,246**	**$ 8,970,611**	**$ 8,950,585**	**$ 10,686,993**

Additional information on the City's long-term debt can be found in Note 11 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The level of taxes, fees, and charges for services (including development related impact fees) has an impact on the City's specific competitive ability to encourage development and redevelopment (office, retail, residential, and industrial) for those businesses that choose to locate in our jurisdiction. As the City has limited growth potential, it places great emphasis on redevelopment, and it is essential for the continued financial and economic health of our community.

The military has a significant presence in our community with Eglin Air Force Base, Hurlburt Field, and Duke Field. These three installations collectively comprise the largest military base in the world, employing over 72,000 military and civilian personnel. These installations are essential to the continued long-term economic vitality of this area. Combined, the military and defense-related industries have an estimated $21.9 billion annual impact on Northwest Florida's economy, according to the *Florida Defense Industry Economic Impact Analysis*.

The Governor's Office of Trade, Tourism & Economic Development (OTTED) is positioned closely with the military commanders in Florida, which may aid in limiting future base realignment and closures from negatively affecting this area. This strong relationship with the commanders gives the Governor and the State of Florida early warning of support issues they contend with on a regular basis.

Regional economic indicators were also considered in preparing the next fiscal year budget for the City:

- 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 0.4% increase from September 2022. The State of Florida's unemployment rate was 3.0%, which represents an approximate 0.3% 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 Florida Department of Revenue's Office of Tax Research has updated its estimates of tax distributions to municipalities for the upcoming fiscal year. The published state revenue sharing distribution estimate is up 3.2% from the prior fiscal year. The half-cent sales tax distribution estimate is up 8.5% from the prior year, and the communication service tax distribution estimate is up 0.3% from the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 208 North Partin Drive, Niceville, Florida 32578. The City can also be found online at www.niceville.org.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Niceville-Valparaiso Regional Sewer Board, Inc.
ASSETS				
Cash and cash equivalents	$ 12,137,000	$ 2,723,916	$ 14,860,916	$ 927,495
Investments	-	10,771,139	10,771,139	2,500,551
Receivables, net	411,949	2,718,533	3,130,482	329,812
Internal balances	171,172	(171,172)	-	-
Due from other governments	610,122	-	610,122	-
Prepaid items	6,755	-	6,755	-
Inventory, at cost	20,256	1,235,512	1,255,768	3,058
Restricted assets				
Cash and cash equivalents	439,111	10,022,303	10,461,414	17,837
Capital assets				
Non-depreciable	8,455,300	10,315,181	18,770,481	-
Depreciable, net	15,302,044	26,460,041	41,762,085	6,079,082
Other assets				
Investment in component unit	-	7,737,032	7,737,032	-
TOTAL ASSETS	37,553,709	71,812,485	109,366,194	9,857,835
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	3,412,163	835,518	4,247,681	-
Deferred outflows related to OPEB	1,202,285	477,344	1,679,629	-
Deferred charges on refunding	-	164,168	164,168	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,614,448	1,477,030	6,091,478	-

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Niceville-Valparaiso Regional Sewer Board, Inc.
LIABILITIES				
Accounts payable	$ 643,484	$ 1,404,696	$ 2,048,180	$ 113,497
Accrued liabilities	183,139	69,441	252,580	63,049
Unearned revenues	3,422,885	1,990,235	5,413,120	-
Payable from restricted assets				
Customer deposits	-	904,265	904,265	-
Accrued interest payable	19,105	58,670	77,775	-
Non-current liabilities				
Amounts due within one year				
Compensated absences	254,550	49,100	303,650	-
Subscription liabilities	87,500	-	87,500	-
Financing contracts payable	170,220	-	170,220	-
Commercial notes payable	63,000	-	63,000	-
Revenue bonds payable	227,300	1,092,127	1,319,427	-
State revolving loans payable	-	16,531	16,531	-
Amounts due beyond one year				
Compensated absences	627,595	128,185	755,780	-
Subscription liabilities	151,919	-	151,919	-
Financing contracts payable	38,000	-	38,000	-
Commercial notes payable	63,000	-	63,000	-
Revenues bonds payable	463,400	6,381,699	6,845,099	-
State revolving loans payable	-	195,889	195,889	-
Total OPEB liability	3,221,779	1,279,144	4,500,923	-
Net pension liability	12,613,292	3,088,552	15,701,844	-
TOTAL LIABILITIES	22,250,168	16,658,534	38,908,702	176,546
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	362,252	88,702	450,954	-
Deferred inflows related to OPEB	1,149,302	456,308	1,605,610	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,511,554	545,010	2,056,564	-
NET POSITION				
Net investment in capital assets	22,493,005	30,272,809	52,765,814	6,079,082
Restricted				
Debt service	-	917,520	917,520	-
Capital expansion projects	379,377	7,180,853	7,560,230	-
Discretionary sales taxes	2,874,583	-	2,874,583	-
Improvement districts	1,185,428	-	1,185,428	-
Other	59,734	-	59,734	17,837
Unrestricted	(8,585,692)	17,714,789	9,129,097	3,584,370
TOTAL NET POSITION	$ 18,406,435	$ 56,085,971	$ 74,492,406	$ 9,681,289

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Function/program activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Niceville-Valparaiso Regional Sewer Board, Inc.
Primary government								
Governmental Activities								
General government	$ 3,916,637	$ 584,579	142,999	$ 221,151	$ (2,967,908)	$ -	$ (2,967,908)	
Public safety	8,274,730	437,289	323,501	82,914	(7,431,026)	-	(7,431,026)	
Transportation	1,499,350	96,901	-	-	(1,402,449)	-	(1,402,449)	
Internal services	1,092,709	-	-	-	(1,092,709)	-	(1,092,709)	
Economic environment	209,005	-	25,588	-	(183,417)	-	(183,417)	
Human services	104,280	-	-	-	(104,280)	-	(104,280)	
Culture and recreation	4,701,863	199,198	172,811	-	(4,329,854)	-	(4,329,854)	
Debt service interest	41,935	-	-	-	(41,935)	-	(41,935)	
Total governmental activities	19,840,509	1,317,967	664,899	304,065	(17,553,578)	-	(17,553,578)	
Business-type activities								
Water and sewer	9,531,673	9,313,718	15,350	4,057,980	-	3,855,375	3,855,375	
Sanitation	4,209,059	3,897,566	-	-	-	(311,493)	(311,493)	
Stormwater utility management	532,041	519,769	-	1,473,265	-	1,460,993	1,460,993	
Total business-type activities	14,272,773	13,731,053	15,350	5,531,245	-	5,004,875	5,004,875	
Total primary government	$ 34,113,282	$ 15,049,020	$ 680,249	$ 5,835,310	(17,553,578)	5,004,875	(12,548,703)	

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Function/program activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Niceville-Valparaiso Regional Sewer Board, Inc.
Component Unit								
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 2,254,594	$ 1,674,288	$ -	$ -				$ (580,306)
General revenues								
Taxes								
Property taxes					$ 5,416,526	$ -	$ 5,416,526	-
Utility service taxes					2,718,485	-	2,718,485	-
Other taxes					6,170,258	-	6,170,258	-
Intergovernmental, unrestricted					1,295,464	-	1,295,464	-
Miscellaneous					218,690	344,660	563,350	9,220
Interest and investment earnings					233,282	440,326	673,608	43,547
Transfers					2,500,000	(2,500,000)	-	-
Total general revenues and transfers					18,552,705	(1,715,014)	16,837,691	52,767
CHANGE IN NET POSITION					999,127	3,289,861	4,288,988	(527,539)
NET POSITION AT BEGINNING OF YEAR					17,407,308	52,796,110	70,203,418	10,208,828
NET POSITION AT END OF YEAR					$ 18,406,435	$ 56,085,971	$ 74,492,406	$ 9,681,289

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 8,269,996	$ 1,210,466	$ 2,656,538	$ 12,137,000
Receivables, net	404,569	-	7,380	411,949
Due from other governments	407,398	-	202,724	610,122
Due from other funds	181,432	-	51,183	232,615
Inventory, at cost	20,256	-	-	20,256
Prepaid items	6,755	-	-	6,755
Restricted assets				
Cash and cash equivalents	439,111	-	-	439,111
TOTAL ASSETS	$ 9,729,517	$ 1,210,466	$ 2,917,825	$ 13,857,808
LIABILITIES				
Accounts payable	$ 575,204	$ 25,038	$ 43,242	$ 643,484
Accrued wages payable	183,139	-	-	183,139
Due to other funds	61,443	-	-	61,443
Unearned revenues	3,422,885	-	-	3,422,885
TOTAL LIABILITIES	4,242,671	25,038	43,242	4,310,951
FUND BALANCE				
Nonspendable	27,011	-	-	27,011
Restricted	439,111	1,185,428	2,874,583	4,499,122
Assigned	2,704,967	-	-	2,704,967
Unassigned	2,315,757	-	-	2,315,757
TOTAL FUND BALANCE	5,486,846	1,185,428	2,874,583	9,546,857
TOTAL LIABILITIES AND FUND BALANCE	$ 9,729,517	$ 1,210,466	$ 2,917,825	$ 13,857,808

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund balance, total governmental funds		$ 9,546,857
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental non-depreciable assets	$ 8,455,300	
Governmental depreciable assets	41,696,150	
Less accumulated depreciation	(26,394,106)	
		23,757,344
Deferred inflows of resources and deferred outflows of resources related to pensions 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 pensions	3,412,163	
Deferred inflows of resources related to pensions	(362,252)	
Deferred outflows of resources related to OPEB	1,202,285	
Deferred inflows of resources related to OPEB	(1,149,302)	
		3,102,894
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Revenue notes and bonds payable	(690,700)	
Commercial bank notes	(126,000)	
Financing contracts payable	(208,220)	
Subscription liabilities	(239,419)	
Accrued interest on long-term debt	(19,105)	
Compensated absences	(882,145)	
Total OPEB liability	(3,221,779)	
Net pension liability	(12,613,292)	
		(18,000,660)
Net position of governmental activities		$ 18,406,435

See notes to the financial statements.

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

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
REVENUES				
Taxes	$ 7,774,399	$ 349,965	$ -	$ 8,124,364
Licenses, fees, and permits	2,006,537	-	-	2,006,537
Intergovernmental	4,422,886	360,004	1,935,996	6,718,886
Charges for services	878,359	-	-	878,359
Fines	38,717	-	-	38,717
Miscellaneous	460,456	18,348	82,501	561,305
Total revenues	15,581,354	728,317	2,018,497	18,328,168
EXPENDITURES				
Current:				
General government	3,356,085	-	18,887	3,374,972
Public safety	6,299,168	-	130,251	6,429,419
Transportation	1,120,576	-	-	1,120,576
Internal service	970,160	-	-	970,160
Economic environment	24,583	184,422	-	209,005
Human services	104,280	-	-	104,280
Culture and recreation	3,709,932	-	-	3,709,932
Capital outlay	2,336,604	-	2,641,950	4,978,554
Debt service:				
Principal	677,952	-	-	677,952
Interest	39,078	-	-	39,078
Total expenditures	18,638,418	184,422	2,791,088	21,613,928
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,057,064)	543,895	(772,591)	(3,285,760)
OTHER FINANCING SOURCES				
Issuance of subscription liabilities	225,909	-	-	225,909
Transfers in	2,500,000	-	-	2,500,000
Total other financing sources	2,725,909	-	-	2,725,909
NET CHANGE IN FUND BALANCE	(331,155)	543,895	(772,591)	(559,851)
FUND BALANCE, BEGINNING	5,818,001	641,533	3,647,174	10,106,708
FUND BALANCE, ENDING	$ 5,486,846	$ 1,185,428	$ 2,874,583	$ 9,546,857

See notes to the financial statements.

CITY OF NICEVILLE, 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		$ (559,851)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	$ 4,978,554	
Less current year depreciation	(1,609,289)	
		3,369,265
Governmental funds do not report capital assets on the balance sheet; however, they are reported on 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.		
Disposals of capital assets	(428,220)	
Accumulated depreciation associated with disposals	391,457	
Estimated acquisition value of donated capital assets	11,468	
		(25,295)
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 premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments	677,952	
Issuance of subscription liabilities	(225,909)	
		452,043
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 outflows and inflows	(2,064,247)	
Change in total OPEB liability and related deferred outflows and inflows	(89,070)	
Change in accrued interest on long-term debt	(2,857)	
Change in compensated absences	(80,861)	
		(2,237,035)
Change in net position of governmental activities		$ 999,127

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 7,885,100	$ 7,885,100	$ 7,774,399	$ (110,701)
Licenses, fees and permits	1,640,160	1,640,160	2,006,537	366,377
Intergovernmental	4,668,150	4,668,150	4,422,886	(245,264)
Charges for services	566,500	566,500	878,359	311,859
Fines	34,360	34,360	38,717	4,357
Miscellaneous	220,630	220,630	460,456	239,826
Total revenues	15,014,900	15,014,900	15,581,354	566,454
EXPENDITURES				
Current				
General government	4,158,970	4,158,970	3,356,085	802,885
Public safety	6,795,890	6,795,890	6,299,168	496,722
Transportation	1,212,330	1,212,330	1,120,576	91,754
Internal service	1,156,890	1,156,890	970,160	186,730
Economic environment	55,500	55,500	24,583	30,917
Human services	104,280	104,280	104,280	-
Culture and recreation	4,396,100	4,396,100	3,709,932	686,168
Capital outlay	3,060,450	3,060,450	2,336,604	723,846
Debt service				
Principal	580,500	580,500	677,952	(97,452)
Interest	38,180	38,180	39,078	(898)
Total expenditures	21,559,090	21,559,090	18,638,418	2,920,672
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,544,190)	(6,544,190)	(3,057,064)	3,487,126
OTHER FINANCING SOURCES				
Issuance of long-term debt	850,000	850,000	-	(850,000)
Issuance of subscription liabilities	30,200	30,200	225,909	195,709
Transfers in	5,410,540	5,410,540	2,500,000	(2,910,540)
Total other financing sources (uses)	6,290,740	6,290,740	2,725,909	(3,564,831)
NET CHANGE IN FUND BALANCE	(253,450)	(253,450)	(331,155)	(77,705)
FUND BALANCE AT BEGINNING OF YEAR	253,450	253,450	5,818,001	5,564,551
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 5,486,846	$ 5,486,846

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 349,960	$ 349,960	$ 349,965	$ 5
Intergovernmental	360,390	360,390	360,004	(386)
Miscellaneous	10,870	10,870	18,348	7,478
Total revenues	721,220	721,220	728,317	7,097
EXPENDITURES				
Current				
Economic environment	393,680	750,680	184,422	566,258
Capital outlay	7,881,050	7,611,570	-	7,611,570
Total expenditures	8,274,730	8,362,250	184,422	8,177,828
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,553,510)	(7,641,030)	543,895	8,184,925
OTHER FINANCING SOURCES				
Issuance of long-term debt	7,000,000	7,000,000	-	(7,000,000)
NET CHANGE IN FUND BALANCE	(553,510)	(641,030)	543,895	1,184,925
FUND BALANCE AT BEGINNING OF YEAR	553,510	641,030	641,533	503
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 1,185,428	$ 1,185,428

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
DISCRETIONARY SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental	$ 1,756,180	$ 1,756,180	$ 1,935,996	$ 179,816
Miscellaneous	25,740	25,740	82,501	56,761
Total revenues	1,781,920	1,781,920	2,018,497	236,577
EXPENDITURES				
Current				
General government	49,040	49,040	18,887	30,153
Capital outlay	4,626,500	4,626,500	2,641,950	1,984,550
Total expenditures	4,675,540	4,675,540	2,791,088	1,884,452
NET CHANGE IN FUND BALANCE	(2,893,620)	(2,893,620)	(772,591)	2,121,029
FUND BALANCE AT BEGINNING OF YEAR	2,893,620	2,893,620	3,647,174	753,554
FUND BALANCE AT END OF YEAR	$ -	$ -	$ 2,874,583	$ 2,874,583

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,307,013	$ 735,512	$ 681,391	$ 2,723,916
Investments	10,771,139	-	-	10,771,139
Receivables, net	894,851	342,505	1,481,177	2,718,533
Due from other funds	-	10,260	-	10,260
Inventory, at cost	1,229,518	5,994	-	1,235,512
Total current assets	14,202,521	1,094,271	2,162,568	17,459,360
Non-current assets				
Restricted assets				
Cash and cash equivalents	10,018,492	-	3,811	10,022,303
Capital assets				
Non-depreciable	5,956,008	-	4,359,173	10,315,181
Depreciable, net	23,042,362	568,893	2,848,786	26,460,041
Total capital assets	28,998,370	568,893	7,207,959	36,775,222
Other assets				
Investment in component unit	7,737,032	-	-	7,737,032
Total non-current assets	46,753,894	568,893	7,211,770	54,534,557
TOTAL ASSETS	60,956,415	1,663,164	9,374,338	71,993,917
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	606,995	228,523	-	835,518
Deferred outflows related to OPEB	342,118	135,226	-	477,344
Deferred charges on refunding	164,168	-	-	164,168
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,113,281	363,749	-	1,477,030

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION – CONTINUED
SEPTEMBER 30, 2023

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
LIABILITIES				
Current liabilities				
Accounts payable	$ 1,125,383	$ 210,463	$ 68,850	$ 1,404,696
Accrued liabilities				
Compensated absences	41,455	7,645	-	49,100
Wages	43,162	16,100	-	59,262
Other	10,179	-	-	10,179
Due to other funds	155,138	-	26,294	181,432
Unearned revenues	717,918	-	1,272,317	1,990,235
Revenue bonds payable	1,092,127	-	-	1,092,127
State revolving fund loan payable	-	-	16,531	16,531
Payable from restricted assets				
Accrued interest	58,670	-	-	58,670
Customer deposits	904,265	-	-	904,265
Total current liabilities	4,148,297	234,208	1,383,992	5,766,497
Non-current liabilities				
Compensated absences	117,109	11,076	-	128,185
Revenue bonds payable, net	6,381,699	-	-	6,381,699
State revolving fund loans payable, net	-	-	195,889	195,889
Net pension liability	2,243,793	844,759	-	3,088,552
Total OPEB liability	916,778	362,366	-	1,279,144
Total non-current liabilities	9,659,379	1,218,201	195,889	11,073,469
TOTAL LIABILITIES	13,807,676	1,452,409	1,579,881	16,839,966
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	64,441	24,261	-	88,702
Deferred inflows related to OPEB	327,042	129,266	-	456,308
TOTAL DEFERRED INFLOWS OF RESOURCES	391,483	153,527	-	545,010
NET POSITION				
Net investment in capital assets	22,708,377	568,893	6,995,539	30,272,809
Restricted				
Debt service	913,709	-	3,811	917,520
Capital expansion projects	7,180,853	-	-	7,180,853
Unrestricted (deficit)	17,067,598	(147,916)	795,107	17,714,789
TOTAL NET POSITION	$ 47,870,537	$ 420,977	$ 7,794,457	$ 56,085,971

See notes to the financial statements.

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

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
REVENUES				
Charges for services	$ 9,313,718	$ 3,897,566	$ 519,769	$ 13,731,053
OPERATING EXPENSES				
Personal services	2,915,731	1,098,373	-	4,014,104
Operating	3,961,707	2,910,676	246,957	7,119,340
Depreciation	2,086,674	200,010	278,259	2,564,943
Total operating expenses	8,964,112	4,209,059	525,216	13,698,387
OPERATING INCOME (LOSS)	349,606	(311,493)	(5,447)	32,666
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(137,530)	-	(6,825)	(144,355)
Interest income	403,147	13,415	23,764	440,326
Equity losses in component unit	(430,031)	-	-	(430,031)
Loss on disposal of capital assets	(15,311)	(2,599)	-	(17,910)
Intergovernmental	15,350	-	-	15,350
Miscellaneous	260,776	101,794	-	362,570
Total non-operating revenue (expenses)	96,401	112,610	16,939	225,950
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	446,007	(198,883)	11,492	258,616
Capital contributions - impact fees	3,233,583	-	110,795	3,344,378
Capital grants	824,397	-	1,362,470	2,186,867
Transfers out	(2,500,000)	-	-	(2,500,000)
Total capital contributions and transfers	1,557,980	-	1,473,265	3,031,245
CHANGE IN NET POSITION	2,003,987	(198,883)	1,484,757	3,289,861
NET POSITION AT BEGINNING OF YEAR	45,866,550	619,860	6,309,700	52,796,110
NET POSITION AT END OF YEAR	$ 47,870,537	$ 420,977	$ 7,794,457	$ 56,085,971

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 9,269,912	$ 3,857,811	$ 515,176	$ 13,642,899
Payments to suppliers	(4,307,732)	(2,897,557)	(189,840)	(7,395,129)
Payments to employees	(2,524,960)	(965,663)	-	(3,490,623)
Miscellaneous income	260,776	101,794	-	362,570
Net cash provided by operating activities	2,697,996	96,385	325,336	3,119,717
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Interfund activity	(2,340,635)	-	(1,034)	(2,341,669)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(4,563,513)	(340,457)	(1,808,023)	(6,711,993)
Proceeds from capital grants	-	-	1,034	1,034
Proceeds from impact fees	3,233,583	-	110,795	3,344,378
Principal paid on state revolving loans	-	-	(16,041)	(16,041)
Principal paid on long-term debt	(1,123,324)	-	-	(1,123,324)
Principal paid on financing contracts	(145,000)	-	-	(145,000)
Interest paid on long-term debt	(131,214)	-	(6,825)	(138,039)
Net cash used in capital and related financing activities	(2,729,468)	(340,457)	(1,719,060)	(4,788,985)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and investment income	403,147	13,415	23,764	440,326
Purchases of investments	(9,504,128)	-	-	(9,504,128)
Net cash provided by (used in) investing activities	(9,100,981)	13,415	23,764	(9,063,802)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,473,088)	(230,657)	(1,370,994)	(13,074,739)
CASH AND CASH EQUIVALENTS, BEGINNING	22,798,593	966,169	2,056,196	25,820,958
CASH AND CASH EQUIVALENTS, ENDING	$ 11,325,505	$ 735,512	$ 685,202	$ 12,746,219

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water and Sewer Fund	Sanitation Fund	Stormwater Fund	Total
CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF				
Current assets	$ 1,307,013	$ 735,512	$ 681,391	$ 2,723,916
Restricted assets	10,018,492	-	3,811	10,022,303
Total cash and cash equivalents	$ 11,325,505	$ 735,512	$ 685,202	$ 12,746,219
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 349,606	$ (311,493)	$ (5,447)	$ 32,666
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	2,086,674	200,010	278,259	2,564,943
Miscellaneous revenue	260,776	101,794	-	362,570
Decrease (increase) in assets:				
Accounts receivable	(75,423)	(39,755)	(4,593)	(119,771)
Inventory	(594,005)	4,431	-	(589,574)
Prepaid expenses	25,000	-	-	25,000
Increase in deferred outflows	(73,726)	(27,413)	-	(101,139)
Increase (decrease) in liabilities:				
Accounts payable	222,109	8,688	57,117	287,914
Accrued wages	1,648	(686)	-	962
Other accrued liabilities	871			871
Customer deposits	31,617	-	-	31,617
Compensated absences	(3,433)	(14,874)	-	(18,307)
Total OPEB liability	42,071	16,629	-	58,700
Net pension liability	470,747	177,230	-	647,977
Decrease in deferred inflows	(46,536)	(18,176)	-	(64,712)
Net cash provided by operating activities	$ 2,697,996	$ 96,385	$ 325,336	$ 3,119,717
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS				
Equity losses in joint venture	$ (430,031)	$ -	$ -	$ (430,031)
Debt-related amortization	$ 16,417	$ -	$ -	$ 16,417
Capital grants receivable	$ -	$ -	$ 1,435,580	$ 1,435,580

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023

	Scholarship Trust Fund
ASSETS	
Cash and cash equivalents	$ 982
Investments	420,298
TOTAL ASSETS	421,280
LIABILITIES	
Due to scholarship recipients	-
NET POSITION	
Restricted for scholarship recipients	$ 421,280

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Scholarship Trust Fund
ADDITIONS	
Investment earnings	$ 16,126
DEDUCTIONS	
Scholarship benefits paid to individuals	-
CHANGE IN FIDUCIARY NET POSITION	16,126
NET POSITION AT BEGINNING OF YEAR	405,154
NET POSITION AT END OF YEAR	$ 421,280

See notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Niceville, Florida (the City) was established in 1938. The City's original charter was enacted as Chapter 31034, Laws of Florida, in 1955. The present charter was most recently amended in 2022, by Ordinance Number 22-08-02. The City operates under a council-manager form of government and provides the following services: public safety (law enforcement, fire control, protective inspections and emergency and disaster relief services), transportation (road and street facilities), culture and recreation and special events, utility (sanitation, water and sewer, and stormwater) and general administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America 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
As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government). 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.

Niceville-Valparaiso Regional Sewer Board, Inc. (NVRSB) is a not-for-profit corporation organized to manage the operation and maintenance of a regional sewer system serving its original joint owners, the City of Niceville, Florida and the City of Valparaiso, Florida. The City of Niceville and Valparaiso are 80% and 20% owners, respectively. NVRSB's Board consists of four members; two appointed by each of the two participants. The Sewer Board is responsible for preparing and approving its own budget. The cost of operations, including additional equipment and inventory purchases, is accounted for, in total, on the books and financial statements of the NVRSB. The City of Niceville's 80% share of operating results of the NVRSB is reported in the City's Water and Sewer Enterprise Fund. The City's portion of the equity in the joint venture is $7,737,032 as of September 30, 2023.

A financial benefit/burden relationship exists between the City of Niceville and the NVRSB. In addition, it is determined that the NVRSB has a fiscal dependency on the City. Therefore, the NVRSB is a component unit of the City, and accordingly the, NVRSB's June 30, 2023 year-end financial information has been presented within the government-wide financial statements as a discretely presented component unit.

The NVRSB issues separate complete financial statements which may be obtained by contacting the Manager of the Niceville-Valparaiso Regional Sewer Board, Inc., 507 Hwy 85 N, Niceville, Florida 32578, e-mail address: ricknvrsb@embarqmail.com, phone number: (850) 678-6613.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

As of September 30, 2023, the City also had a 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 Niceville Community Redevelopment Agency (the CRA) was established in 2012 pursuant to Chapter 163 Part III, Florida Statutes (the Community Redevelopment Act) to direct public revenues and programs to identified community areas for the enhancement and development of public infrastructure and facilities to simulate and support new private investment and development in economically underperforming areas of the City of Niceville (the City). All the City's Councilmembers serve as board members of the CRA. 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 City's Finance Department, 208 North Partin Drive, Niceville, Florida 32578 or online at www.niceville.org.

The Niceville Housing Authority is considered a related organization to the City rather than a component unit. The City appoints the board members of the Niceville Housing Authority. However, the Authority's board of directors 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 changes in net position) report information on all the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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 governmental and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting

The government-wide and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are 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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. As a general rule, 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.

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.

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 also recognizes, as operating revenues, the portion of tap fees intended to recover the cost of connecting customers to the system.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 of the general government, except those required to be accounted for in another fund.

Community Redevelopment Agency (CRA) Fund – The CRA Fund, a special revenue fund, is the operating fund of the Niceville Community Redevelopment Agency (the Agency). It is used to account for the activities of the Agency. The primary revenue source for this fund is tax increment financing proceeds from ad valorem taxes.

Discretionary Sales Tax Fund – This is a special revenue fund used to account for proceeds received from discretionary sales taxes that are restricted by the taxpayer referendum that authorized the local option taxes for funding of critical needs, including essential law enforcement/public safety facilities and equipment, construction and repair of roads and bridges, flood control and water quality improvements, construction and improvement of other public facilities, and debt service.

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

Water and Sewer Fund – Accounts for the operations of the City that provides distribution of potable water, sales and service and sanitary wastewater collection, treatment and disposal.

Sanitation Fund – Accounts for the operations of the City that provides for solid waste collection, disposal and/or recycling.

Stormwater Fund – Accounts for the operations of the City that provides for stormwater utility services and collection.

Fiduciary
Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, individuals, and private organizations. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The City has the following type of fiduciary fund:

Scholarship Trust Fund – Accounts for the resources held by the City to provide scholarship awards on a one-time basis to recipients for college, vocational or other technical training aid, pursuant to provisions of the Katie W. Moody Estate and Will. Scholarships are awarded based on interest earned on corpus held in the Fund.

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

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, are considered cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized, specifically allowable investments include The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts at qualified public depositories, and direct obligations of the U.S. Treasury. The City adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which require the City to maintain deposits only with *Qualified Public Depositories*.

The City maintains a cash and investment pool available for use by all funds. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. In addition, restricted cash accounts, money market deposit accounts, and certificates of deposit are separately maintained by several City funds in accordance with bond ordinances and other contractual agreements.

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 nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Services provided 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 using 65% of receivables in excess of 90 days.

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 inventory is used.

Restricted Assets
Restricted assets are maintained in both the governmental and business-type activities. Certain proceeds of long-term debt issues are classified as restricted assets because their use is limited by applicable debt covenants. Water meter deposits received from customers of the water and sewer system are restricted to use as payment of the final customer bill or returned to the customer upon settlement of the final bill. Additionally, impact fees from customers are restricted in the General Fund and the Water and Sewer Fund for future capital expansion projects.

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

Land	All
Buildings and improvements	$2,500
Infrastructure	$2,500
Improvements – other	$2,500
Equipment, vehicles, computers	$2,500
Library books	All

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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

Buildings	15-50 Years
Improvements other than buildings	7-50 Years
System infrastructure	20-40 Years
Machinery and equipment	3-10 Years

Compensated Absences
It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in 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 typically liquidated from the General Fund.

The policy of the City for annual and sick leave is as follows:

- Upon completing 12 months of employment, an employee accrues 48 hours of sick leave. Thereafter, the employee accrues eight hours of sick leave per month.

- Upon completing 12 months of employment, an employee accrues 96 hours of annual leave, with the exception of a police officer who accrues 144 hours of annual leave. Thereafter, the employee, with the exception of a police officer, accrues eight hours of annual leave per month for the first seven years of employment. A police officer accrues 12 hours of annual leave per month regardless of the length of service.

- After the first seven years of employment, an employee accrues 12 hours of annual leave per month. Accrual of sick leave remains the same.

- Upon termination of employment, an employee will be paid for accumulated annual leave as indicated by the schedule on the following page, but all accumulated sick leave will be forfeited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Years of Employment	Max. Number of Accumulated Hrs. to be paid
Up to 7 years	240
7 to 15 years	360
More than 15 years	480

Long-Term Obligations
In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities.

In debt refundings, the difference between the re-acquisition price (new debt) and the net carrying value of the old debt creates a deferred gain/loss from advance refunding of debt. This difference is classified as a deferred inflow/outflow of resources and is amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

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

Net Pension Liability
For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement Systems (FRS) and Health Insurance Subsidy (HIS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. Investments are reported at fair value. Typically, pension liabilities of the governmental activities have been liquidated by the General Fund.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes 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. The City currently has two items that qualify for reporting in this category; deferred charges on refunding and activity related to the defined benefit pension and OPEB plans. See Notes 9 and 10 for additional information related to the defined benefit pension and OPEB plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In addition to liabilities, the statement of financial position will sometimes 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 Notes 9 and 10 for additional information related to the defined benefit pension and OPEB plans.

Classification of Fund Balance
GASB guidance clarifies governmental fund balance classifications and fund type definitions. This statement 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 the 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 and prepaid items.

- *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.

- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal action, Ordinance, of the City'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 that imposed the constraint originally, which is an Ordinance, by the same level of decision-making authority (the City Council).

- *Assigned* – comprises amounts intended to be used by the City for specific purposes that are neither 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 for assigning fund balances to the City Manager.

- *Unassigned* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 constraint, 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 fund balance. In all other funds, unassigned is limited to negative residual fund balance.

The City, in its General Fund, presents nonspendable fund balance for inventory and prepaid items. Amounts appropriated for use in the subsequent fiscal year budget process are classified as assigned. Encumbrances with no contractual obligations are classified as assigned fund balances. All other amounts in the General Fund are considered unassigned.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally considered to be spent from the most restrictive classification first.

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- *Restricted* – This component of net position consists of restricted assets, other than capital assets, reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported

- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The City considers restricted amounts to be spent first when both restricted and unrestricted net position is available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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 25, 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 generally accepted accounting principles. Annual appropriated budgets are adopted by ordinance 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.

Budgetary data reflected in the financial statements are established by the following procedures. During the month of June, City departments submit their proposed expenditures or requested appropriations to the City Manager for consideration. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward are considered by the City Manager during July. The City Manager along with the Council determine if any changes are deemed necessary and establish dates for tentative and final public budget hearings as prescribed by Florida Statutes.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

Proposed budgets are advertised by newspapers of general circulation in the City. Public hearings are conducted for the purpose of hearing requests and complaints from the public. In the event the final budget has not been adopted by October 1, the beginning of the fiscal year, Florida Statutes provide for expenditures based on the adopted tentative budget. The final budget is adopted by ordinance. Any subsequent amendments must be enacted in the same manner as the original budget.

Budget amounts reflected in the financial statements are originally adopted amounts as amended by the City Council by revision of fund totals. No budget amendments were made to originally adopted amounts for fiscal year 2023.

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 is 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.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources that are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as assignment of fund balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

3. DEPOSITS AND INVESTMENTS

Deposits

The investment of surplus funds is governed by provision of Section 218.415, Florida Statutes, as to the type of investments that can be made. Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned.

The City manages its custodial credit risk by maintaining its deposits 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 deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a qualified public institution, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all *Qualified Public Depositories*. Deposits held in *Qualified Public Depositories* are considered fully insured or collateralized, and therefore, have no custodial credit risk.

As of September 30, 2023, the value of the City’s deposits was $26,448,845, all of which was held by *Qualified Public Depositories*.

3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments
The types of investments, which can be made by the City, are restricted by state statutes and other contractual agreements. A description of the requirements and the types of investments allowed can be found in Note 1.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The City minimizes interest rate risk by investing operating funds primarily in shorter-term securities.

As of September 30, 2023, the City's investments consist entirely of U.S. Treasury securities with the highest credit quality ratings ("Aaa" by Moody's) and maturities ranging from February 2024 to July 2025.

4. FAIR VALUE OF INVESTMENTS

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

- 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. The City had no Level 2 investments as of September 30, 2023.

- Level 3 – Unobservable inputs for an asset. The City had no Level 3 investments as of September 30, 2023.

As of September 30, 2023, the fair value of the City's investments was $10,771,139, all of which were classified as Level 1 in accordance with fair value hierarchy.

5. RECEIVABLES

Receivables on September 30, 2023, were as follows:

	Governmental Activities		Business-Type Activities			
	General	Disc. Sales Tax	Water & Sewer	Sanitation	Stormwater	Total
Accounts	$ 390,048	$ -	$ 915,743	$ 368,256	$ 49,164	$ 1,723,211
Interest	15,120	7,380	18,167	-	-	40,667
Other	-	-	-	-	1,435,580	1,435,580
Less allowance for doubtful accounts	(599)	-	(39,059)	(25,751)	(3,567)	(68,976)
Receivables, net	404,569	7,380	894,851	342,505	1,481,177	3,130,482
Due from other governments	407,398	202,724	-	-	-	610,122
Total	$ 811,967	$ 210,104	$ 894,851	$ 342,505	$ 1,481,177	$ 3,740,604

Other Receivables

Other receivables within the Stormwater Fund were comprised of a cost-reimbursement capital grant funded by the National Fish and Wildlife Foundation, a not-for-profit organization.

Due from Other Governments

Due from other governments within the General Fund was comprised of cost-reimbursement grants, half-cent sales tax, local option fuel tax, communications service taxes, and other various intergovernmental revenues. In the Discretionary Sales Tax Fund, amounts due from other governments consist of discretionary sales surtax revenues.

6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Adjustments / Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	$ 6,991,099	$ 1,282,635	$ -	$ 13,950	$ 8,287,684
Construction in progress	1,248,043	828,067	-	(1,908,494)	167,616
Total capital assets not being depreciated	8,239,142	2,110,702	-	(1,894,544)	8,455,300
Capital assets being depreciated					
Buildings	6,616,355	46,221	-	65,423	6,727,999
Improvements other than buildings	13,207,627	1,858,270	(91,637)	1,829,121	16,803,381
Infrastructure	7,450,171	-	-	-	7,450,171
Machinery and equipment	9,907,518	748,920	(336,583)	-	10,319,855
Subscription assets [1]	110,968	225,909	-	-	336,877
Library books	57,867	-	-	-	57,867
Total capital assets being depreciated	37,350,506	2,879,320	(428,220)	1,894,544	41,696,150
Less accumulated depreciation					
Buildings	(3,600,215)	(183,387)	-	-	(3,783,602)
Improvements other than buildings	(5,744,473)	(499,474)	58,792	-	(6,185,155)
Infrastructure	(6,586,359)	(152,923)	-	-	(6,739,282)
Machinery and equipment	(9,187,360)	(688,391)	332,665	-	(9,543,086)
Subscription assets	-	(85,114)	-	-	(85,114)
Library books	(57,867)	-	-	-	(57,867)
Total accumulated depreciation	(25,176,274)	(1,609,289)	391,457	-	(26,394,106)
Total capital assets being depreciated, net	12,174,232	1,270,031	(36,763)	1,894,544	15,302,044
Governmental activities, net	$ 20,413,374	$ 3,380,733	$ (36,763)	$ -	$ 23,757,344

(1) 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 11 for further details.

Construction in Progress – Governmental Activities

As of September 30, 2023, construction in progress for governmental activities was primarily comprised of a project to make significant upgrades to Meigs Park.

6. CAPITAL ASSETS – CONTINUED

	Beginning Balance	Increases	Decreases	Adjustments / Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	$ 1,487,661	$ 492,916	$ -	$ -	$ 1,980,577
Construction in progress	3,333,736	5,000,868	-	-	8,334,604
Total capital assets not being depreciated	4,821,397	5,493,784	-	-	10,315,181
Capital assets being depreciated					
Buildings	3,738,301	11,879	-	-	3,750,180
Improvements other than buildings	49,300,802	153,806	-	-	49,454,608
Machinery and equipment	6,646,597	1,052,524	(78,540)	-	7,620,581
Total capital assets being depreciated	59,685,700	1,218,209	(78,540)	-	60,825,369
Less accumulated depreciation					
Buildings	(2,641,349)	(71,692)	-	-	(2,713,041)
Improvements other than buildings	(24,475,185)	(1,777,059)	-	-	(26,252,244)
Machinery and equipment	(4,744,481)	(716,192)	60,630	-	(5,400,043)
Total accumulated depreciation	(31,861,015)	(2,564,943)	60,630	-	(34,365,328)
Total capital assets being depreciated, net	27,824,685	(1,346,734)	(17,910)	-	26,460,041
Business-type activities, net	$ 32,646,082	$ 4,147,050	$ (17,910)	$ -	$ 36,775,222

Construction in Progress – Business-Type Activities

As of September 30, 2023, construction in progress for business-type activities was primarily comprised of a significant stormwater improvement project funded by the National Fish and Wildlife Foundation, along with water and sewer projects for Cedar Avenue force main upgrades and Deer Moss Creek subdivision reclaim water system improvements. These projects are expected to be completed in fiscal year 2024.

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

Governmental activities	
General government	$ 411,649
Public safety	353,576
Transportation	289,674
Culture and recreation	554,390
Total depreciation expense – governmental activities	$ 1,609,289
Business-type activities	
Water and sewer	$ 2,086,674
Sanitation	200,010
Stormwater	278,259
Total depreciation expense – business-type activities	$ 2,564,943

7. UNEARNED REVENUES

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

	Governmental	Business-Type		
	General	Water & Sewer	Stormwater	Total
Federal grant funding received in advance	3,347,275	$ 717,918	$ 1,272,317	$ 5,337,510
Business license taxes collected in advance	68,610	-	-	68,610
Other	7,000	-	-	7,000
Total	$ 3,422,885	$ 717,918	$ 1,272,317	$ 5,413,120

The American Rescue Plan Act (ARPA) does 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.

8. DEFERRED COMPENSATION PLAN

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan allows a participant to elect deferral of any portion of their salaries, with the City matching contributions varying from 3% to 12.5% of salary, based upon the participant's years of participation in the program. An employee must match the City's contribution until completion of five years continuous participation in the program, and the contribution may then go to the minimum 5% of salary. After 10 years of participation, the employee does not have to contribute.

The table below illustrates the City’s matching requirement based on each employee’s continuous years of participation in the program:

City's Matching Contribution	Percentage
1-3 years participation	3.0%
4-5 years participation	4.0%
6-7 years participation	6.0%
8-9 years participation	8.0%
10 or more years participation and under the purview of a bargaining unit	10.0%
10 or more years of service – all other employees	12.5%

8. DEFERRED COMPENSATION PLAN – CONTINUED

The plan is closed to new entrants. The City's only responsibilities with regard to the plan are to fund its required matching contributions and to administer authorized payroll deductions. All other administrative requirements are the responsibility of the Empower Financial Group. Funds may be invested in annuity contracts providing for fixed annuity contributions at a guaranteed rate of interest, variable annuity contributions to a bond account and/or a stock account, or any combination thereof, at the participant's option.

In accordance with GASB guidance, the assets and liabilities of the plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the plan. Employees made contributions to the plan of $202,048 and the City made matching contributions of $40,385 during fiscal year 2023. As of September 30, 2023, assets of the plan had a fair value of $5,242,607.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM

All employees hired after October 2005 (October 2004 for police officers) are eligible to participate in the Florida Retirement System (FRS). Employees hired prior to October 2005 (October 2004 for police officers) have the option of participating in either the deferred compensation plan or FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“FRS Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

FRS Plan

Plan Description

The pension plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Benefits Provided
Benefits under the pension plan are computed on the basis of age, average final compensation, and service credit. *Regular Class* members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.60% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Special Risk Class members (police and firefighters) enrolled before July 1, 2011, who retire at or after age 55 with at least six years of credited special risk service, or with 25 years of special risk service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

Senior Management Service Class members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

Elected Officers' Class members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

For pension plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all of the above classes of members and the normal retirement age has been increased to age 65, or 33 years of service regardless of age, for *Regular*, *Senior Management Service*, and *Elected Officers' Class* members, and to age 60, or 30 years of special risk service regardless of age, for *Special Risk Class* members. Also, the final average compensation for all these members is based on the eight highest years of salary.

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

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. The 60-month maximum employment period for DROP members was extended to 96 months effective June 5, 2023. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions
Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for each of the prior three years are as follows:

	2023	2022	2021
Regular Class:	13.57%	11.91%	10.82%
Special Risk Class:	32.67%	27.83%	25.89%
Senior Management Class:	34.52%	31.57%	29.01%
DROP:	21.13%	18.60%	18.34%

These employer contribution rates include 1.66% for HIS Plan subsidies for the periods October 1, 2019, through June 30, 2023. Effective July 1, 2023, the HIS plan subsidy increased to 2.00%. The City's contributions, including employee contributions, to the FRS Plan totaled $1,520,800, $1,198,808, and $1,011,336 for the fiscal years ended September 30, 2023, 2022, and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources
As of September 30, 2023, the City reported a liability of $11,691,640 for its proportionate share of the FRS Plan's net pension liability. The City's proportionate share of the net pension liability was based on the City's share of contributions to the FRS Plan relative to the contributions of all participating governments. On June 30, 2023, the City's proportionate share was 0.029341453%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

For the fiscal year ended September 30, 2023, the City recognized pension expense of $2,664,812. In addition, 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
Differences between expected and actual experience	$ 1,097,744	$ -
Change of assumptions	762,158	-
Net difference between projected and actual earnings on pension plan investments	488,275	-
Changes in proportionate share of City's net pension liability and contributions	905,285	94,043
City pension plan contributions subsequent to the measurement date	442,777	-
	$ 3,696,239	$ 94,043

A component of deferred outflows of resources related to the pension plan of $442,777 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other components reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending September 30:	Amount
2024	$ 539,485
2025	57,632
2026	2,108,471
2027	357,665
2028	96,166
	$ 3,159,419

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

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

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2018.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of a 2019 actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed income	19.80%	4.50%	4.40%	3.40%
Global equity	54.00%	8.70%	7.10%	18.10%
Real estate	10.30%	7.60%	6.60%	14.80%
Private equity	11.10%	11.90%	8.80%	26.30%
Strategic investments	3.80%	6.30%	6.10%	7.70%
Total	100.00%			
Assumed inflation – mean			2.40%	1.40%

(1) As outlined in the pension plan's investment policy

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

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

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	$ 19,971,702	$ 11,691,640	$ 4,764,378

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

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

Benefits Provided
For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month through June 30, 2023. Effective July 1, 2023, the monthly benefits were increased to $7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $45 and a maximum payment of $225 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Contributions
The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS plan contribution was 1.66% of gross compensation through June 30, 2023. Effective July 1, 2023, the contribution rate was increased to 2.00%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled $179,983, $149,030, and $135,055 for the fiscal years ended September 30, 2023, 2022, and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources
As of September 30, 2023, the City reported a liability of $4,010,204 for its proportionate share of the HIS Plan's net pension liability. On June 30, 2023, the City's proportionate share was 0.025251052%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of $1,605,679. In addition, 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
Differences between expected and actual experience	$ 58,707	$ 9,413
Change of assumptions	105,427	347,498
Net difference between projected and actual earnings on pension plan investments	2,071	-
Changes in proportionate share of City's net pension liability and contributions	331,605	-
City pension plan contributions subsequent to the measurement date	53,632	-
	$ 551,442	$ 356,911

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

A component of deferred outflows of resources related to the HIS Plan, totaling $53,632 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

Fiscal year ending September 30:	Amount
2024	$ 57,000
2025	59,409
2026	30,207
2027	(12,920)
2028	1,396
Thereafter	5,807
	$ 140,899

Actuarial Assumptions
The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.65%

Mortality rates were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2018.

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions used in the July 1, 2022, valuation were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate
The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Sensitivity of the Net Position Liability to Changes in the Discount Rate
The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower one percentage point higher than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City's proportionate share of the net pension liability	$ 4,575,017	$ 4,010,204	$ 3,542,012

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

Pension Expense
For the fiscal year ended September 30, 2023, the City recognized an aggregate pension expense of $4,270,491 on all defined benefit pension plans.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

OPEB Plan
Plan Description
The City provides certain continuing health care and life insurance benefits for its retired employees. The plan is a single employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the City, employees, and retirees rests with the City Council. The plan does not issue a separate report. OPEB liabilities of the governmental activities are typically liquidated from the General Fund. There are no OPEB plan assets accumulated in a GASB compliant trust to pay for related plan benefits.

Plan Membership as of September 30, 2022

Inactive plan members or beneficiaries currently receiving benefit payments	14
Inactive plan members entitled to but not yet receiving benefit payments	-
Active employees	140
	154

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

Total OPEB Liability

Benefits Provided

Medical benefits are provided through comprehensive plans and are made available to employees upon actual retirement. For employees participating in the FRS pension plan, eligibility is the same as that of the pension plan. For non-FRS pension plan participants, employees are eligible to receive full benefits after 30 years.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2021, using the following actuarial assumptions:

Prior measurement date	September 30, 2022
Measurement date	September 30, 2023
Valuation date	October 1, 2021 Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported.
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Fair value
Inflation	3.00% annually
Healthcare trend	5.50% annually until 2032, then 4.50%
Salary increase	3.00% annually
Prior discount rate	4.02%

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

Discount rate	4.09% annually which is the Bond Buyer 20-Bond General Obligation Index. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.
Retirement age	Age 62 and 30 years of service, or for special risk employees age 55 and 25 years of service; or, for employees hired after July 1st, 2011, age 65 and 33 years of service, or for special risk employees age 60 and 30 years of service. Retirement is assumed to occur after 30 years of service, or initial eligibility if later.
Mortality	SOA RP-2014 Combined Mortality Table
Turnover	Age specific table with an average of 15% when applied to the active census.

Changes 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	$ 4,294,373	$ -	$ 4,294,373
Changes for the year:			
Service cost	58,795	-	58,795
Interest	173,816	-	173,816
Differences between expected and actual experience	79,781	-	79,781
Changes of assumptions	(43,148)	-	(43,148)
Benefit payments	(62,694)	-	(62,694)
Net changes	206,550	-	206,550
Balances at September 30, 2023	$ 4,500,923	$ -	$ 4,500,923

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

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

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB liability	$ 5,232,716	$ 4,500,923	$ 3,914,038

Sensitivity of Total OPEB Liability to Changes in the Healthcare Trend Rate:

	1% Decrease 3.50 - 4.50%	Current Healthcare Trend 4.50 - 5.50%	1% Increase 5.50 - 6.50%
Total OPEB liability	$ 3,906,690	$ 4,500,923	$ 5,239,979

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources
For the fiscal year ended September 30, 2023, the City recognized OPEB expense of $187,128. In addition, 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
Differences between expected and actual experience	$ 697,321	$ 311,383
Changes of assumptions	982,308	1,294,227
Total	$ 1,679,629	$ 1,605,610

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

Components of deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (income) as follows:

Year ended September 30:	
2024	$ (45,482)
2025	(45,482)
2026	(45,482)
2027	(45,482)
2028	(45,482)
Thereafter	301,429
	$ 74,019

11. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2023, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Governmental activities					
Direct borrowings					
Financing contract - fire truck	$ 128,000	$ -	$ (128,000)	$ -	$ -
Financing contract - server upgrade	259,214	-	(126,994)	132,220	132,220
Financing contract - library generator	114,000	-	(38,000)	76,000	38,000
Commercial bank note - real property acquisition	189,000	-	(63,000)	126,000	63,000
Subscription liability - software [1]	110,968	225,909	(97,458)	239,419	87,500
Direct placements					
Non-Ad Valorem Revenue Bonds, Series 2021A	208,000	-	(52,000)	156,000	52,000
Non-Ad Valorem Revenue Bonds, Series 2021B	348,000	-	(87,000)	261,000	87,000
Other debt					
Tax Increment Financing Revenue Bonds, Series 2019	359,200	-	(85,500)	273,700	88,300
Compensated absences	801,284	186,955	(106,094)	882,145	254,550
Total governmental activities	$ 2,517,666	$ 412,864	$ (784,046)	$ 2,146,484	$ 802,570

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

11. LONG-TERM DEBT – CONTINUED

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Business-type activities					
Direct borrowings					
Florida DEP State Revolving Loan, 2015	$ 228,461	$ -	$ (16,041)	$ 212,420	$ 16,531
Financing contract - water meters	145,000	-	(145,000)	-	-
Direct placements					
Water and Sewer Revenue Refunding Bonds, Series 2021	8,597,150	-	(1,123,324)	7,473,826	1,092,127
Compensated absences	195,592	19,938	(38,245)	177,285	49,100
Total business-type activities	$ 9,166,203	$ 19,938	$ (1,322,610)	$ 7,863,531	$ 1,157,758

Description of Long-Term Debt Outstanding

Governmental Activities – Direct Borrowings

In 2016, the City entered into an $852,000 financing contract for a fire truck which had an interest rate of 1.75% and was secured by the fire truck. The contract was repaid in full in October 2022.

In 2020, the City entered into a $635,998 financing contract for various computer-related equipment needed to perform a major upgrade to the City's network and servers. The contract requires annual payments of $137,662 through January 2024, which includes interest at 4.12%. The contract is secured by the underlying equipment. In the event of default (non-payment), the lender may repossess the financed equipment and terminate the contract.

In 2020, the City entered into a $190,000 financing contract for the purchase and installation of a generator at the Niceville Public Library. The contract bears interest at 1.95% and requires annual payments of principal plus interest of $38,000 through September 2025. The contract is secured by the generator. In the event of default (non-payment), the lender may declare all installments payable until the end of the contract term to be immediately due and payable.

In 2020, the City obtained a commercial bank note in the amount of $315,000 to purchase two parcels of land on Armstrong Avenue for the Niceville Landing Project. The note requires annual principal payments of $63,000 and semi-annual interest payments at a fixed rate of 1.95% through September 2025. The note is secured by the real property acquired with the note proceeds. In the event of default (non-payment), the lender may declare all unpaid principal and accrued interest on the note to be immediately due and payable.

11. LONG-TERM DEBT – CONTINUED

The City has entered into three subscription-based information technology arrangements (SBITAs) 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 aggregate base payments ranging from $32,172 to $98,372. The discount rate used to calculate the present value of the subscription payments was 4.60%, 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 vendors may revoke the City's licenses to use the underlying software. These agreements do not contain any subjective acceleration clauses.

The direct borrowing issuances disclosed in this section do not contain any subjective acceleration clauses.

Governmental Activities – Direct Placements

In 2021, the City issued $260,000 Non-Ad Valorem Revenue Bonds, Series 2021A. The bonds require annual principal payments of $52,000 and semi-annual interest payments at a fixed rate of 1.40% through October 2025. The bonds are secured by pledged non-ad valorem revenues. The bond proceeds were utilized to purchase a parcel of real estate for the Niceville Landing Project.

In 2021, the City issued $435,000 Non-Ad Valorem Revenue Bonds, Series 2021B. The bonds require annual principal payments of $87,000 and semi-annual interest payments at a fixed rate of 3.25% through October 2025. The bonds are secured by pledged non-ad valorem revenues. The bond proceeds were utilized to purchase a parcel of real estate for the Niceville Landing Project.

For the direct placement issuances disclosed above, in the event of nonpayment, the lender may declare all unpaid principal to be immediately due and payable. This remedy is not available to the lender for any other events of default other than nonpayment. In addition, these issuances do not contain any subjective acceleration clauses.

Governmental Activities – Other Debt

In 2019, the City issued $600,000 Tax Increment Financing Revenue Bonds, Series 2019. The bonds have a fixed interest rate of 2.50% and mature in March 2026. The bonds require semi-annual payments of principal and interest ranging from $1,197 to $95,391. The bonds are secured by pledged non-ad valorem revenues. The bond proceeds were utilized to purchase real property for the Niceville Landing Project. There are no significant finance-related consequences in the event of default or termination, and there are no subjective acceleration clauses.

11. LONG-TERM DEBT – CONTINUED

Business-Type Activities – Direct Borrowings

In 2014, the City obtained a note payable totaling $440,188 from the State of Florida Department of Environmental Protection Revolving Loan Fund requiring semiannual payments of $11,432, including interest at 2.62%, through maturity in August 2034. The note is secured by pledged gross revenues derived from stormwater utility fees. Proceeds were used to finance wastewater treatment facility construction. 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 (3.333 times for the Series 2002A revolving loan) in the event of default (non-payment).

In 2013, the City entered into a $1,340,000 financing contract with Regions Equipment Finance Corporation to finance the City's water and sewer meter reading equipment upgrade. The contract had an interest rate of 1.77% and was repaid in full in April 2023. The contract was secured by meter reading equipment.

This direct borrowing issuances disclosed above do not contain any subjective acceleration clauses.

Business-Type Activities – Direct Placements

In 2021, the City issued $9,008,612 Water and Sewer Revenue Refunding Bonds, Series 2021, which bear interest at 1.57%. The bonds require semi-annual installments of principal and interest ranging from $65,926 to $854,739 through maturity in October 2032. Bond proceeds were used to fully refund the outstanding principal of three bond issuances and six state revolving fund loans in the Water and Sewer Fund. The bonds are secured by pledged net revenues derived from the water and sewer system. The bonds do not contain any significant finance-related consequences in the event of default or termination, and there are no subjective acceleration clauses.

Pledged Revenues

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2023. The table that follows reports the revenues, sometimes net of related operating expenses, pledged for each debt issuance, the amount of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of principal and interest on the debt at year end.

11. LONG-TERM DEBT – CONTINUED

Debt Outstanding	Pledged Revenue	Current Year Total Pledged Revenue	Pledged Outstanding Principal & Interest	Estimated Revenue Percentage Pledged	Principal & Interest Paid	Maturity Calendar Year
Governmental Activities						
Commercial bank note - real property acquisition	Non-ad valorem revenues	$ 12,551,638	$ 129,686	1%	$ 66,685	2025
Non-Ad Valorem Revenue Bonds Series 2021A	Non-ad valorem revenues	$ 12,551,638	$ 159,276	1%	$ 54,548	2026
Non-Ad Valorem Revenue Bonds Series 2021B	Non-ad valorem revenues	$ 12,551,638	$ 273,751	2%	$ 96,900	2026
Tax Increment Financing Revenue Bonds, Series 2019	Non-ad valorem revenues	$ 12,551,638	$ 284,265	2%	$ 93,518	2026
Business-Type Activities						
Water & Sewer Revenue Refunding Bonds, Series 2021	Water & sewer revenues	$ 2,436,280	$ 7,934,792	326%	$ 1,251,972	2033

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave as of September 30, 2023, are as follows:

Governmental Activities

Year ending September 30	Revenue Bonds		Commercial Bank Notes Payable	
	Principal	Interest	Principal	Interest
2024	$ 227,300	$ 14,742	$ 63,000	$ 2,457
2025	230,200	8,877	63,000	1,229
2026	233,200	2,973	-	-
Total	$ 690,700	$ 26,592	$ 126,000	$ 3,686

11. LONG-TERM DEBT – CONTINUED

Governmental Activities - Continued

Year ending September 30	Subscription Liabilities		Financing Contracts Payable	
	Principal	Interest	Principal	Interest
2024	$ 87,500	$ 10,872	$ 170,220	$ 6,928
2025	91,611	6,760	38,000	741
2026	29,462	2,710	-	-
2027	30,846	1,326	-	-
Total	$ 239,419	$ 21,668	$ 208,220	$ 7,669

Business-Type Activities

Year ending September 30	Revenue Bonds		State Revolving Loans	
	Principal	Interest	Principal	Interest
2024	$ 1,092,127	$ 110,630	$ 16,531	$ 6,334
2025	1,034,094	93,918	17,038	5,827
2026	1,043,381	77,587	17,560	5,305
2027	949,754	61,301	18,097	4,768
2028	916,857	46,609	18,652	4,213
2029-2033	2,437,613	70,921	102,187	12,137
2034-2038	-	-	22,355	511
Total	$ 7,473,826	$ 460,966	$ 212,420	$ 39,095

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 155,138
General	Stormwater	$ 26,294
Discretionary Sales Tax	General	$ 51,183
Sanitation	General	$ 10,260

12. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – CONTINUED

Interfund receivables and payables are comprised of expenditures paid by one fund on behalf of another fund. Historically, all such balances are satisfied within one year.

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

Interfund Transfers

Transfer Out Fund	Transfer In Fund	Amount
Water and Sewer	General	$ 2,500,000

Transfers between funds occur on a routine basis and are consistent with the activities of the fund making the transfer, contingent upon the availability of funds.

13. RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases insurance through commercial carriers which includes workers' compensation, comprehensive general liability, and automobile physical damage.

The remaining insurance coverage, which includes but is not limited to property, flood, inland marine, boiler and machinery, and fiduciary, is purchased from various commercial carriers. The City maintains minimal deductibles for insurance policies purchased through these carriers. There has been no significant reduction in insurance coverage from prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

14. ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2023, were $291,197 in the General Fund.

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

15. GOVERNMENTAL FUND BALANCES

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

	General Fund	CRA Fund	Discretionary Sales Tax Fund	Total Governmental Funds
Nonspendable				
Inventory	$ 20,256	$ -	$ -	$ 20,256
Prepaid items	6,755	-	-	6,755
Total nonspendable	27,011	-	-	27,011
Restricted for				
Capital expansion	379,377	-	-	379,377
Discretionary sales taxes	-		2,874,583	2,874,583
Law enforcement	59,734	-	-	59,734
Improvement districts	-	1,185,428	-	1,185,428
Total restricted	439,111	1,185,428	2,874,583	4,499,122
Assigned for				
Capital projects and equipment	2,539,753	-	-	2,539,753
Other purposes	165,214	-	-	165,214
Total assigned	2,704,967	-	-	2,704,967
Unassigned	2,315,757	-	-	2,315,757
	$ 5,486,846	$ 1,185,428	$ 2,874,583	$ 9,546,857

16. 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.

16. COMMITMENTS AND CONTINGENCIES – CONTINUED

Reclaimed Water

In October 2020, the City entered into an agreement with Okaloosa County to purchase capacity from its reclaimed water system. The County recently completed upgrades to its Arbennie Pritchett Water Reclamation Facility and is in the process of constructing an 11-mile pipeline transmission main, which has a hydraulic capacity of four million gallons per day. The City has committed to paying for a minimum of 800,000 gallons per day of annual average daily flow and the County commits to providing at least this amount at a rate of $0.21 per thousand gallons. This rate is intended to recoup monthly operations and maintenance costs related to the reclaimed water system. The agreement has no stated end date, and any adjustments to the rate shall only be revised via a written amendment to the agreement.

Joint Public Infrastructure Project

In January 2020, the City entered into an agreement with a local property developer regarding the construction of a master pump station with larger force mains to increase sewer service capacity to the northeastern part of the City, and specifically, the Deer Moss Creek community. The estimated cost of the Rocky Bayou Master Pump Station and Force Main Project is $1,050,000. Under the terms of the contract, the City is responsible for the construction of the master pump station and force mains, including handling all phases of bidding, contracting, and construction. The developer is responsible for half of the project costs to be satisfied through a combination of payment for the engineering design work and permitting for the master pump station, and the conveyance of not less than two acres of real property to the City. The assigned value for these parcels will be based upon an appraisal to be paid for by the developer, and the land will be used for the construction of a public water tower and other public facilities. As of September 30, 2023, construction was complete on the Rocky Bayou Master Pump Station, but work for the replacement of force main was in progress. In addition, no parcels of land were conveyed to the City during the fiscal year ended September 30, 2023.

Fire Protection Services Agreement

In 2019, the City executed an interlocal agreement with the City of Valparaiso to enhance fire protection services in both jurisdictions. The agreement allows for the sharing of personnel and facilities to provide mutual aid for fire protection and emergency services to residents of both municipalities. The agreement has no end date but may be amended from time to time upon the mutual agreement of both municipalities.

Professional Services Agreement

In 2023, the City entered into an agreement with a real estate development firm (the contractor) to provide professional services for various CRA projects. The scope of the contract covers whatever services are desired by the City which are within the scope of expertise and licensure of the contractor. The City has committed to engaging the contractor to perform services with a total value equal to at least $350,000 over the two-year period ending in May 2025. If the total value of the services performed by the contractor are less than $350,000 during the two-year contract period, the City will compensate the contractor for the difference. In July 2023, the City engaged the contractor to perform two task orders with an aggregate service value of $250,000.

17. SUBSEQUENT EVENTS

Joint Park Improvement Project – Meigs Park

In January 2024, the City entered into an interlocal agreement with Okaloosa County, Florida (the County) to develop an Americans with Disabilities Act (ADA) park facility. The project shall consist of the design and construction of improvements within Meigs Park that may specifically serve special needs children, Special Olympics events, and other minor organized events. The County will contribute $2 million toward the project, consisting of a $1.25 million state grant appropriation and up to $750,000 from the County's Tourism Development District (TDD). The County's funding will be used for the design, engineering, and construction related to the installation of a combined volleyball and basketball court, a baseball diamond, and a playground structure. The City is responsible for the funding and construction of a bathroom facility, a perimeter fence, and a parking lot at Meigs Park. Upon completion of the project, the City will also be responsible for operating and maintaining the park.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.029341453%	0.026608069%	0.025454710%	0.025867958%	0.026268484%	0.024789488%	0.023997376%	0.022901996%	0.021050316%	0.020333011%
City's proportionate share of the net pension liability	$ 11,691,640	$ 9,900,340	$ 1,922,814	$ 11,211,554	$ 9,046,500	$ 7,466,722	$ 7,098,263	$ 5,782,772	$ 2,718,932	$ 1,240,613
City's covered payroll	$ 10,006,386	$ 9,058,436	$ 8,376,564	$ 7,854,292	$ 7,649,639	$ 7,040,335	$ 6,536,239	$ 6,199,965	$ 5,942,512	$ 5,500,317
City's proportionate share of the net pension liability as a percentage of its covered payroll	116.84%	109.29%	22.95%	142.74%	118.26%	106.06%	108.60%	93.27%	45.75%	22.56%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

*The amounts presented for each fiscal year were determined as of June 30th.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.025251052%	0.023672162%	0.022559865%	0.021877250%	0.021852314%	0.020670426%	0.019900400%	0.019153650%	0.018456270%	0.018096095%
City's proportionate share of the net pension liability	$ 4,010,204	$ 2,507,260	$ 2,767,307	$ 2,671,177	$ 2,445,055	$ 2,187,781	$ 2,127,843	$ 2,232,279	$ 1,882,250	$ 1,882,249
City's covered payroll	$ 10,006,386	$ 9,058,436	$ 8,376,564	$ 7,854,292	$ 7,649,639	$ 7,040,335	$ 6,536,239	$ 6,199,965	$ 5,942,512	$ 5,500,317
City's proportionate share of the net pension liability as a percentage of its covered payroll	40.08%	27.68%	33.04%	34.01%	31.96%	31.07%	32.55%	36.00%	31.67%	34.22%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

*The amounts presented for each fiscal year were determined as of June 30th.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,520,800	$ 1,198,808	$ 1,011,336	$ 874,614	$ 833,528	$ 733,290	$ 657,296	$ 558,502	$ 513,225	$ 445,379
Contributions in relation to the contractually required contribution	(1,520,800)	(1,198,808)	(1,011,336)	(874,614)	(833,528)	(733,290)	(657,296)	(558,502)	(513,225)	(445,379)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 10,293,106	$ 8,977,711	$ 8,135,843	$ 7,610,542	$ 7,446,867	$ 6,922,771	$ 6,518,795	$ 5,914,157	$ 4,250,060	$ 3,734,398
Contributions as a percentage of covered payroll	14.77%	13.35%	12.43%	11.49%	11.19%	10.59%	10.08%	9.44%	12.08%	11.93%

*The amounts presented in this schedule are for the City's fiscal year instead of the plan's year.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 179,983	$ 149,030	$ 135,055	$ 126,335	$ 123,618	$ 114,918	$ 108,212	$ 98,175	$ 70,551	$ 61,991
Contributions in relation to the contractually required contribution	(179,983)	(149,030)	(135,055)	(126,335)	(123,618)	(114,918)	(108,212)	(98,175)	(70,551)	(61,991)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 10,293,106	$ 8,977,711	$ 8,135,843	$ 7,610,542	$ 7,446,867	$ 6,922,771	$ 6,518,795	$ 5,914,157	$ 4,250,060	$ 3,734,398
Contributions as a percentage of covered payroll	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

*The amounts presented in this schedule are for the City's fiscal year instead of the plan's year.

CITY OF NICEVILLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)

Reporting Date	2023	2022	2021	2020	2019	2018
Service cost	$ 58,795	$ 108,338	$ 105,183	$ 112,911	$ 50,294	$ 63,444
Interest	173,816	127,220	121,344	125,065	130,768	120,185
Difference between expected and actual experience	79,781	(357,460)	196,655	31,970	629,461	(46,702)
Changes in assumptions and other inputs *	(43,148)	(1,387,320)	55,865	574,192	798,250	(249,503)
Benefit payments	(62,694)	(59,426)	(54,109)	(51,288)	(66,806)	(63,323)
Net change in total OPEB liability	206,550	(1,568,648)	424,938	792,850	1,541,967	(175,899)
Total OPEB liability – beginning	4,294,373	5,863,021	5,438,083	4,645,233	3,103,266	3,279,165
Total OPEB liability – ending	$ 4,500,923	$ 4,294,373	$ 5,863,021	$ 5,438,083	$ 4,645,233	$ 3,103,266
Covered Employee Payroll	$ 7,139,816	$ 6,931,860	$ 6,984,215	$ 6,780,791	$ 6,247,940	$ 6,065,961
Total OPEB liability as a percentage of covered employee payroll	63.04%	61.95%	83.95%	80.20%	74.35%	51.16%

Notes:

* Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following discount rates were used for each period:

  2023: 4.09%
  2022: 4.02%
  2021: 2.15%
  2020: 2.21%
  2019: 2.66%

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

This schedule is intended to show information for ten years. Additional years will be displayed as data becomes available.

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 NICEVILLE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	$ 14,074,830	$ 13,903,053	$ 14,363,252	$ 15,207,976	$ 15,728,306	$ 15,439,953	$ 15,924,538	$ 17,552,162	$ 18,707,674	$ 22,493,005
Restricted	1,152,851	1,062,837	1,064,769	684,754	1,014,248	1,508,999	2,808,367	3,595,234	4,650,988	4,499,122
Unrestricted (deficit)	4,190,750	1,219,064	678,378	631,361	(3,518,005)	(4,808,216)	(4,699,469)	(5,240,953)	(5,951,354)	(8,585,692)
Total governmental activities net position	$ 19,418,431	$ 16,184,954	$ 16,106,399	$ 16,524,091	$ 13,224,549	$ 12,140,736	$ 14,033,436	$ 15,906,443	$ 17,407,308	$ 18,406,435
Business-type activities										
Net investment in capital assets	$ 16,027,076	$ 17,295,135	$ 16,180,483	$ 17,605,104	$ 19,189,187	$ 19,715,526	$ 21,668,627	$ 24,587,875	$ 24,866,543	$ 30,272,809
Restricted	6,638,645	7,306,340	7,224,183	7,411,130	6,114,007	4,904,576	5,689,903	6,337,995	7,813,725	8,098,373
Unrestricted	14,631,975	14,103,277	17,027,172	17,057,595	18,509,566	20,792,999	20,577,271	19,781,985	20,115,842	17,714,789
Total business-type activities net position	$ 37,297,696	$ 38,704,752	$ 40,431,838	$ 42,073,829	$ 43,812,760	$ 45,413,101	$ 47,935,801	$ 50,707,855	$ 52,796,110	$ 56,085,971
Primary government										
Net investment in capital assets	$ 30,101,906	$ 31,198,188	$ 30,543,735	$ 32,813,080	$ 34,917,493	$ 35,155,479	$ 37,593,165	$ 42,140,037	$ 43,574,217	$ 52,765,814
Restricted	7,791,496	8,369,177	8,288,952	8,095,884	7,128,255	6,413,575	8,498,270	9,933,229	12,464,713	12,597,495
Unrestricted	18,822,725	15,322,341	17,705,550	17,688,956	14,991,561	15,984,783	15,877,802	14,541,032	14,164,488	9,129,097
Total primary government net position	$ 56,716,127	$ 54,889,706	$ 56,538,237	$ 58,597,920	$ 57,037,309	$ 57,553,837	$ 61,969,237	$ 66,614,298	$ 70,203,418	$ 74,492,406

NOTES:

The City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015.

The City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018.

CITY OF NICEVILLE, FLORIDA
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	$ 2,347,852	$ 2,610,657	$ 2,774,741	$ 2,755,195	$ 2,992,962	$ 3,169,458	$ 3,167,883	$ 3,550,849	$ 3,522,888	$ 3,916,637
Public safety	3,158,636	3,344,371	3,726,238	4,220,756	4,775,056	5,509,655	5,715,864	5,653,758	5,783,696	8,274,730
Transportation	880,325	856,698	922,304	968,948	1,059,251	1,263,951	1,170,690	1,293,274	1,240,065	1,499,350
Internal services	632,591	622,187	692,131	713,115	782,061	909,510	879,893	809,847	962,854	1,092,709
Economic environment	-	-	-	22,172	405,888	162,098	92,929	820,649	164,722	209,005
Human services	56,000	82,245	57,256	56,000	56,000	55,998	57,681	78,925	95,556	104,280
Culture and recreation	2,294,223	2,377,996	2,721,034	2,840,973	3,032,663	3,466,779	3,626,752	3,393,067	3,750,506	4,701,863
Debt service interest	35,652	37,267	28,010	54,238	39,421	34,118	24,577	68,195	46,398	41,935
Total governmental activities expenses	9,405,279	9,931,421	10,921,714	11,631,397	13,143,302	14,571,567	14,736,269	15,668,564	15,566,685	19,840,509
Business-type activities										
Water and sewer	6,165,016	6,318,745	6,489,807	6,982,475	7,162,548	7,909,848	7,985,935	7,315,094	8,278,466	9,531,673
Sanitation	2,583,986	2,597,089	2,743,219	2,855,930	3,007,267	3,451,152	3,619,023	3,297,357	3,874,282	4,209,059
Stormwater utility	328,466	299,143	366,884	345,807	341,481	427,157	340,838	522,043	574,365	532,041
Total business-type activities expenses	9,077,468	9,214,977	9,599,910	10,184,212	10,511,296	11,788,157	11,945,796	11,134,494	12,727,113	14,272,773
Total primary government expenses	$ 18,482,747	$ 19,146,398	$ 20,521,624	$ 21,815,609	$ 23,654,598	$ 26,359,724	$ 26,682,065	$ 26,803,058	$ 28,293,798	$ 34,113,282
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 1,772,274	$ 2,091,837	$ 2,215,150	$ 2,555,198	$ 2,577,585	$ 2,840,217	$ 2,203,326	$ 2,083,420	$ 2,072,328	$ 2,254,594
Program Revenues										
Governmental activities										
Charges for services										
General government	$ 1,754,970	$ 2,236,981	$ 2,221,681	$ 2,028,024	$ 401,379	$ 554,223	$ 430,214	$ 518,983	$ 433,893	$ 584,579
Public safety	200,564	232,715	256,596	241,625	275,395	306,182	358,485	379,028	465,488	437,289
Transportation	102,026	74,479	75,568	89,451	90,603	91,789	93,012	94,270	95,566	96,901
Culture and recreation	206,116	273,401	223,676	218,934	149,984	245,148	159,137	172,603	185,749	199,198
Operating grants and contributions	1,761,970	144,844	133,972	140,988	583,486	382,735	2,438,864	1,674,745	351,069	664,899
Capital grants and contributions	-	-	42,132	609,616	181,452	32,505	561,654	705,234	221,246	304,065
Total governmental activities program revenues	4,025,646	2,962,420	2,953,625	3,328,638	1,682,299	1,612,582	4,041,366	3,544,863	1,753,011	2,286,931
Business-type activities										
Charges for services										
Water and sewer	6,710,773	7,401,523	7,409,423	7,923,941	8,107,712	8,347,132	8,724,834	8,599,612	8,744,192	9,313,718
Sanitation	2,828,505	2,830,023	2,877,603	2,944,689	3,047,638	3,203,980	3,369,224	3,508,308	3,693,119	3,897,566
Stormwater utility management	453,029	465,594	470,757	475,500	481,849	484,803	492,335	501,301	508,489	519,769
Operating grants and contributions	353,962	498,401	61,030	-	94,973	234,994	-	535,437	58,430	15,350
Capital grants and contributions	860,527	965,859	882,622	813,541	1,781,570	1,173,115	1,828,540	1,017,553	2,195,838	5,531,245
Total business-type activities program revenues	11,206,796	12,161,400	11,701,435	12,157,671	13,513,742	13,444,024	14,414,933	14,162,211	15,200,068	19,277,648
Total primary government program revenues	$ 15,232,442	$ 15,123,820	$ 14,655,060	$ 15,486,309	$ 15,196,041	$ 15,056,606	$ 18,456,299	$ 17,707,074	$ 16,953,079	$ 21,564,579
Component Unit:										
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 2,936,250	$ 3,033,767	$ 2,242,986	$ 2,145,182	$ 2,681,981	$ 3,112,972	$ 2,115,371	$ 3,113,470	$ 2,124,557	$ 1,674,288

CITY OF NICEVILLE, FLORIDA
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expenses) Revenues										
Governmental activities	$ (5,379,633)	$ (6,969,001)	$ (7,968,089)	$ (8,302,759)	$ (11,461,003)	$ (12,958,985)	$ (10,694,903)	$ (12,123,701)	$ (13,813,674)	$ (17,553,578)
Business-type activities	2,129,328	2,946,423	2,101,525	1,973,459	3,002,446	1,655,867	2,469,137	3,027,717	2,472,955	5,004,875
Total primary government net expense	$ (3,250,305)	$ (4,022,578)	$ (5,866,564)	$ (6,329,300)	$ (8,458,557)	$ (11,303,118)	$ (8,225,766)	$ (9,095,984)	$ (11,340,719)	$ (12,548,703)
Component Unit:										
Niceville-Valparaiso Regional Sewer Board, Inc.	$ 1,163,976	$ 941,930	$ 27,836	$ (410,016)	$ 104,396	$ 272,755	$ (87,955)	$ 1,030,050	$ 52,229	$ (580,306)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	$ 2,911,635	$ 3,099,280	$ 3,313,938	$ 3,485,119	$ 3,694,760	$ 3,948,230	$ 4,193,588	$ 4,457,247	$ 4,743,387	$ 5,416,526
Utility service taxes	1,889,457	1,961,807	1,990,813	2,039,441	2,159,118	2,170,933	2,276,026	2,341,857	2,487,137	2,718,485
Other taxes	-	-	-	-	3,395,591	4,521,288	4,793,023	5,641,520	6,079,223	6,170,258
Intergovernmental, unrestricted	1,875,288	1,991,998	2,093,101	2,207,084	588,797	632,484	615,607	762,279	1,074,110	1,295,464
Miscellaneous	32,945	35,175	61,067	357,021	28,188	35,700	26,048	49,440	90,672	218,690
Investment earnings	21,422	18,644	19,389	31,786	42,245	100,488	83,311	44,365	40,010	233,282
Transfers	440,000	260,000	590,000	600,000	600,000	466,049	600,000	700,000	800,000	2,500,000
Total governmental activities	7,170,747	7,366,904	8,068,308	8,720,451	10,508,699	11,875,172	12,587,603	13,996,708	15,314,539	18,552,705
Business-type activities										
Miscellaneous	172,072	194,079	189,675	204,673	200,471	208,331	290,363	268,270	377,641	344,660
Investment earnings	28,565	38,314	25,886	63,859	67,941	202,192	363,200	176,067	37,659	440,326
Transfers	(440,000)	(260,000)	(590,000)	(600,000)	(600,000)	(466,049)	(600,000)	(700,000)	(800,000)	(2,500,000)
Total business-type activities	(239,363)	(27,607)	(374,439)	(331,468)	(331,588)	(55,526)	53,563	(255,663)	(384,700)	(1,715,014)
Total primary government	$ 6,931,384	$ 7,339,297	$ 7,693,869	$ 8,388,983	$ 10,177,111	$ 11,819,646	$ 12,641,166	$ 13,741,045	$ 14,929,839	$ 16,837,691
Niceville-Valparaiso Regional Sewer Board, Inc.										
Miscellaneous	$ 7,740	$ 7,740	$ 8,563	$ 162,506	$ 2,597	$ 2,318	$ 10,213	$ 9,220	$ 9,221	$ 9,220
Investment earnings	6,469	6,549	7,388	7,635	11,721	18,669	29,619	23,461	11,587	43,547
Total component unit	$ 14,209	$ 14,289	$ 15,951	$ 170,141	$ 14,318	$ 20,987	$ 39,832	$ 32,681	$ 20,808	$ 52,767
Change in Net Position										
Governmental activities	$ 1,791,114	$ 397,903	$ 100,219	$ 417,692	$ (952,304)	$ (1,083,813)	$ 1,892,700	$ 1,873,007	$ 1,500,865	$ 999,127
Business-type activities	1,889,965	2,918,816	1,727,086	1,641,991	2,670,858	1,600,341	2,522,700	2,772,054	2,088,255	3,289,861
Total primary government	$ 3,681,079	$ 3,316,719	$ 1,827,305	$ 2,059,683	$ 1,718,554	$ 516,528	$ 4,415,400	$ 4,645,061	$ 3,589,120	$ 4,288,988
Niceville-Valparaiso Regional Sewer Board, Inc. (component unit)	$ 1,178,185	$ 956,219	$ 43,787	$ (239,875)	$ 118,714	$ 293,742	$ (48,123)	$ 1,062,731	$ 73,037	$ (527,539)

CITY OF NICEVILLE, FLORIDA
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										
Nonspendable	$ 31,014	$ 33,136	$ 31,074	$ 38,227	$ 31,457	$ 107,638	$ 29,367	$ 18,186	$ 18,685	$ 27,011
Restricted	1,152,851	1,062,837	1,064,769	684,754	938,443	305,552	352,753	373,922	362,281	439,111
Assigned	1,766,731	1,699,048	2,698,505	3,839,312	3,106,131	3,291,427	3,595,191	3,851,483	443,251	2,704,967
Unassigned	2,909,537	3,392,316	2,442,363	1,717,656	1,247,052	686,933	2,096,362	1,897,516	4,993,784	2,315,757
Total General Fund	$ 5,860,133	$ 6,187,337	$ 6,236,711	$ 6,279,949	$ 5,323,083	$ 4,391,550	$ 6,073,673	$ 6,141,107	$ 5,818,001	$ 5,486,846
All other governmental funds										
Restricted	$ -	$ -	$ -	$ 17,942	$ 75,805	$ 1,203,447	$ 2,455,614	$ 3,221,312	$ 4,288,707	$ 4,060,011
Unassigned (deficit)	-	(16,454)	(5,220)	-	-	-	-	-	-	-
Total all other governmental funds	$ -	$ (16,454)	$ (5,220)	$ 17,942	$ 75,805	$ 1,203,447	$ 2,455,614	$ 3,221,312	$ 4,288,707	$ 4,060,011

CITY OF NICEVILLE, FLORIDA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	$ 4,717,739	$ 5,018,650	$ 5,332,739	$ 5,556,765	$ 5,858,399	$ 6,123,655	$ 6,545,552	$ 6,927,217	$ 7,322,141	$ 8,124,364
Licenses, fees and permits	1,432,316	1,541,487	1,589,181	1,475,460	1,585,374	1,606,540	1,577,483	1,644,661	1,920,480	2,006,537
Intergovernmental	3,959,862	2,432,978	2,502,446	3,217,005	3,330,631	4,143,278	6,894,930	7,225,930	5,951,241	6,718,886
Charges for services	523,554	626,246	749,793	746,501	646,977	899,734	681,517	790,550	703,785	878,359
Fines	58,791	58,323	54,123	62,782	62,794	64,071	46,999	41,836	40,692	38,717
Miscellaneous	345,155	391,643	114,264	111,276	106,823	184,427	132,488	117,327	154,236	561,305
Total revenues	11,037,417	10,069,327	10,342,546	11,169,789	11,590,998	13,021,705	15,878,969	16,747,521	16,092,575	18,328,168
Expenditures										
General government	1,970,831	2,263,689	2,381,166	2,301,918	2,406,166	2,717,205	2,752,279	3,103,074	2,989,700	3,374,972
Public safety	2,927,718	3,202,573	3,289,258	3,546,380	4,024,731	4,430,112	4,540,560	4,917,998	5,196,702	6,429,419
Transportation	729,349	712,648	733,453	751,360	802,110	950,055	838,185	1,013,128	951,976	1,120,576
Internal service	632,591	652,611	659,287	677,452	714,646	754,747	698,961	766,206	925,756	970,160
Economic environment	-	-	-	22,172	405,888	162,098	92,929	820,649	164,722	209,005
Human services	56,000	82,245	56,496	56,288	56,000	55,998	57,681	78,925	95,556	104,280
Culture and recreation	2,045,393	2,179,723	2,352,862	2,392,237	2,545,122	2,758,332	2,765,322	2,827,322	3,242,186	3,709,932
Capital outlay	2,647,021	475,283	1,933,106	2,079,639	1,541,904	1,421,136	2,202,156	3,315,476	1,957,832	4,978,554
Debt service										
Principal	411,119	412,538	445,300	620,421	554,013	607,844	713,027	421,352	570,770	677,952
Interest	35,652	37,267	28,010	54,238	39,421	34,118	24,577	45,259	53,086	39,078
Total expenditures	11,455,674	10,018,577	11,878,938	12,502,105	13,090,001	13,891,645	14,685,677	17,309,389	16,148,286	21,613,928
Excess of revenues over (under) expenditures	(418,257)	50,750	(1,536,392)	(1,332,316)	(1,499,003)	(869,940)	1,193,292	(561,868)	(55,711)	(3,285,760)
Other Financing Sources (Uses)										
Issuance of subscription liabilities	-	-	-	-	-	-	-	-	-	225,909
Issuance of long-term debt	-	-	1,007,000	500,000	-	600,000	1,140,998	695,000	-	-
Proceeds from sale of capital assets	-	-	-	298,716	-	-	-	-	-	-
Transfers in	440,000	260,000	590,000	600,000	600,000	466,049	600,000	700,000	800,000	2,500,000
Total other financing sources (uses)	440,000	260,000	1,597,000	1,398,716	600,000	1,066,049	1,740,998	1,395,000	800,000	2,725,909
Net changes in fund balances	$ 21,743	$ 310,750	$ 60,608	$ 66,400	$ (899,003)	$ 196,109	$ 2,934,290	$ 833,132	$ 744,289	$ (559,851)
Debt service as a percentage of noncapital expenditures	5.07%	4.71%	4.76%	6.47%	5.14%	5.15%	5.91%	3.33%	4.40%	4.31%

CITY OF NICEVILLE, FLORIDA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(UNAUDITED)
LAST TEN FISCAL YEARS

Year*	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2014	$ 1,119,117,558	$ 1,286,985,191	$ 48,414,529	$ 55,676,709	$ 1,167,532,087	$ 1,342,661,900	0.87	3.700
2015	$ 1,183,016,797	$ 1,360,469,316	$ 53,037,164	$ 60,992,739	$ 1,236,053,961	$ 1,421,462,055	0.87	3.700
2016	$ 1,271,872,742	$ 1,462,653,653	$ 54,551,786	$ 62,734,854	$ 1,326,424,528	$ 1,525,388,507	0.87	3.700
2017	$ 1,333,588,049	$ 1,568,927,116	$ 58,637,265	$ 67,432,855	$ 1,392,225,314	$ 1,636,359,971	0.85	3.700
2018	$ 1,416,710,908	$ 1,666,718,715	$ 59,362,206	$ 69,837,889	$ 1,476,073,114	$ 1,736,556,604	0.85	3.700
2019	$ 1,500,702,809	$ 1,765,532,716	$ 65,778,239	$ 77,386,163	$ 1,566,481,048	$ 1,842,918,879	0.85	3.700
2020	$ 1,598,297,787	$ 1,880,350,337	$ 64,675,918	$ 76,089,315	$ 1,662,973,705	$ 1,956,439,652	0.85	3.700
2021	$ 1,697,953,817	$ 1,997,592,725	$ 64,989,898	$ 76,458,703	$ 1,762,943,715	$ 2,074,051,428	0.85	3.700
2022	$ 1,904,489,491	$ 2,240,575,871	$ 68,808,120	$ 80,950,729	$ 1,973,297,611	$ 2,321,526,600	0.85	3.700
2023	$ 2,091,915,814	$ 2,460,732,984	$ 72,067,434	$ 84,785,216	$ 2,163,983,248	$ 2,545,518,200	0.85	4.000

Source: Okaloosa County Property Appraiser's Office

* The 2023 tax roll is the basis for fiscal year 2024 property tax revenues

CITY OF NICEVILLE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
(UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year *	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	$ 3,015,836	$ 2,755,031	91.35%	4,234	$ 2,759,265	91.49%
2015	$ 3,218,758	$ 2,947,195	91.56%	1,989	$ 2,949,184	91.62%
2016	$ 3,444,685	$ 3,149,847	91.44%	2,788	$ 3,152,635	91.52%
2017	$ 3,633,823	$ 3,322,098	91.42%	1,845	$ 3,323,943	91.47%
2018	$ 3,844,628	$ 3,504,748	91.16%	1,345	$ 3,505,757	91.19%
2019	$ 4,094,647	$ 3,751,330	91.62%	676	$ 3,752,006	91.63%
2020	$ 4,351,272	$ 3,973,759	91.32%	1,399	$ 3,975,158	91.36%
2021	$ 4,648,882	$ 4,455,546	95.84%	1,079	$ 4,456,625	95.86%
2022	$ 4,944,357	$ 4,742,156	95.91%	1,880	$ 4,744,036	95.95%
2023	$ 5,637,547	$ 5,411,805	96.00%	51	$ 5,411,856	96.00%

Source: Okaloosa County Tax Collector

* Fiscal year 2023 property tax revenues are based on the 2022 millage rate

CITY OF NICEVILLE, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER $100 OF ASSESSED VALUE
(UNAUDITED)
LAST TEN FISCAL YEARS

	City Direct Rates		Overlapping Rates**			
Year *	Operating Millage	Total Direct	Okaloosa County	School District	Northwest Florida Water Management	Total Overlapping Rates
2014	3.7000	3.7000	3.4308	7.4410	0.0390	10.9108
2015	3.7000	3.7000	3.4308	7.2790	0.0378	10.7476
2016	3.7000	3.7000	3.4308	6.9070	0.0366	10.3744
2017	3.7000	3.7000	3.8308	6.5880	0.0353	10.4541
2018	3.7000	3.7000	3.8308	6.3610	0.0338	10.2256
2019	3.7000	3.7000	3.8308	6.2060	0.0327	10.0695
2020	3.7000	3.7000	3.8308	6.0350	0.0311	9.8969
2021	3.7000	3.7000	3.8308	5.9430	0.0294	9.8032
2022	3.7000	3.7000	3.8308	5.5790	0.0261	9.4359
2023	4.0000	4.0000	3.8308	5.4770	0.0234	9.3312

Source: Okaloosa County Property Appraiser's Office

* The 2023 millage rate is the basis for fiscal year 2024 tax revenues

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

CITY OF NICEVILLE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	City Share of Overlapping Debt
Overlapping debt			
Okaloosa County School District			
Certificates of participation	$ 2,463,000	7.57%	$ 186,430
Financing contracts	97,390,000	7.57%	7,371,678
Lease and subscription liabilities	8,450,728	7.57%	639,655
Okaloosa County			
Revenue bonds	71,779,943	7.57%	5,433,192
Revenue notes	19,303,000	7.57%	1,461,089
Financing contracts	79,341	7.57%	6,006
Subtotal Overlapping Debt	199,466,012		15,098,050
City direct debt:			
Commercial bank note	126,000	100.00%	126,000
Revenue bonds	690,700	100.00%	690,700
Financing contracts	208,220	100.00%	208,220
Subscription liabilities	239,419	100.00%	239,419
Subtotal Direct Debt	1,264,339		1,264,339
Total Direct and Overlapping Debt	$ 200,730,351		$ 16,362,389

Sources: Okaloosa County, Okaloosa County School District

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Niceville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF NICEVILLE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities						Business-Type Activities					
Fiscal Year	Revenue Bonds	Notes Payable	Sales Tax Refunding Bonds	Gas Tax Refunding Bonds	Financing Contracts	Subscription Liabilities	Revenue Refunding Bonds	State Revolving Loans	Financing Contracts	Total Primary Government	Percentage of Personal Income	Per Capita Debt
2014	$ -	$ -	$ 736,362	$ 1,064,923	$ 206,397	$ -	$ 12,779,913	$ 3,615,347	$ 1,218,000	$ 19,620,942	4.81%	$ 1,504
2015	$ -	$ -	$ 595,481	$ 859,282	$ 140,381	$ -	$ 11,829,650	$ 3,845,614	$ 1,094,000	$ 18,364,408	4.30%	$ 1,380
2016	$ -	$ -	$ 451,766	$ 651,771	$ 1,053,307	$ -	$ 10,853,546	$ 3,735,602	$ 967,000	$ 17,712,992	3.93%	$ 1,313
2017	$ -	$ -	$ 237,581	$ 437,586	$ 1,293,488	$ -	$ 9,845,002	$ 3,619,989	$ 837,000	$ 16,270,646	3.39%	$ 1,162
2018	$ -	$ -	$ 156,366	$ 221,928	$ 1,104,115	$ -	$ 8,754,313	$ 3,501,076	$ 704,000	$ 14,441,798	3.07%	$ 995
2019	$ 600,000	$ -	$ -	$ -	$ 874,565	$ -	$ 7,798,049	$ 3,379,203	$ 568,000	$ 13,219,817	2.33%	$ 850
2020	$ 522,200	$ 315,000	$ -	$ -	$ 1,065,336	$ -	$ 6,814,526	$ 3,251,276	$ 430,000	$ 12,398,338	2.13%	$ 828
2021	$ 1,137,000	$ 252,000	$ -	$ -	$ 787,184	$ -	$ 9,008,612	$ 244,024	$ 289,000	$ 11,717,820	1.63%	$ 731
2022	$ 915,200	$ 189,000	$ -	$ -	$ 501,214	$ -	$ 8,597,150	$ 228,461	$ 145,000	$ 10,576,025	1.30%	$ 653
2023	$ 690,700	$ 126,000	$ -	$ -	$ 208,220	$ 239,419	$ 7,473,826	$ 212,420	$ -	$ 8,950,585	1.20%	$ 543

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

Note: Beginning in FY2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Sources: Personal income data provided by the local Chamber of Commerce

CITY OF NICEVILLE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Utility Charges	Less Operating Expenses	Net Available Revenue	Water and Sewer Revenue Bonds Debt Service		State Revolving Loans Debt Service		Financing Contracts		Total
				Principal	Interest	Principal	Interest	Principal	Interest	Coverage
2014	$ 6,710,773	$ 4,284,869	$ 2,425,904	$ 479,478	$ 358,730	$ 74,539	$ 104,246	$ 122,000	$ 8,500	2.11
2015	$ 7,305,600	$ 4,571,157	$ 2,734,443	$ 650,120	$ 153,434	$ 95,537	$ 181,787	$ 124,000	$ 6,500	2.26
2016	$ 7,435,423	$ 4,654,905	$ 2,780,518	$ 658,559	$ 266,071	$ 110,012	$ 100,068	$ 127,000	$ 18,240	2.17
2017	$ 7,923,941	$ 4,833,977	$ 3,089,964	$ 706,176	$ 252,473	$ 115,613	$ 97,255	$ 130,000	$ 15,965	2.35
2018	$ 8,107,712	$ 5,236,514	$ 2,871,198	$ 721,523	$ 238,178	$ 118,914	$ 94,363	$ 133,000	$ 13,638	2.18
2019	$ 8,347,132	$ 5,969,316	$ 2,377,816	$ 956,264	$ 223,406	$ 121,873	$ 91,826	$ 136,000	$ 11,257	1.54
2020	$ 8,724,834	$ 6,075,236	$ 2,649,598	$ 983,523	$ 204,015	$ 127,927	$ 96,722	$ 138,000	$ 8,832	1.70
2021	$ 8,599,612	$ 5,686,063	$ 2,913,549	$ 909,216	$ 173,910	$ 128,933	$ 51,310	$ 141,000	$ 7,612	2.06
2022	$ 9,313,718	$ 6,188,761	$ 3,124,957	$ 411,462	$ 139,492	$ 15,563	$ 7,301	$ 144,000	$ 5,116	4.32
2023	$ 9,170,787	$ 6,042,929	$ 3,127,858	$ 1,123,323	$ 128,647	$ 16,040	$ 6,825	$ 145,000	$ 2,567	2.20

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

Note: Debt service amounts above do not include principal for debt that is paid off before maturity through an advance refunding. All previously outstanding Water and Sewer Revenue Bond issuances and state revolving fund loans were advance refunded in 2021.

CITY OF NICEVILLE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)

	2023			2014		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Ruckel Properties	$ 26,898,352	1	1.60%	$ 8,104,195	2	1.00%
Valparaiso Realty	$ 20,381,375	2	1.21%	$ 13,042,037	1	1.60%
Florida Power & Light (formerly Gulf Power Co.)	$ 15,815,069	3	0.94%	$ 7,389,491	3	0.91%
Sunbelt Rental #268	$ 8,738,859	4	0.52%	$ 3,458,753	10	0.42%
Sage Niceville Hospitality LLC	$ 7,993,824	5	0.48%			
SHM Emerald Coast, LLC	$ 7,918,483	6	0.47%			
Prime Storage Niceville LLC	$ 7,670,205	7	0.46%			
Twin Cities Hospital	$ 6,984,488	8	0.42%			
VRC Crossings Rocky Bayou LLC	$ 6,624,203	9	0.39%			
Corner Storage Niceville, LLC	$ 6,592,555	10	0.39%			
HCA				$ 5,513,688	4	0.68%
Mill Creek Village, Inc.				$ 5,508,535	5	0.68%
Walmart Stores East LP				$ 5,463,142	6	0.67%
Okaloosa Hospital Inc., 30948				$ 4,251,211	7	0.52%
Embarq Corp				$ 4,038,269	8	0.50%
Spence Brothers Properties, Inc.				$ 3,992,637	9	0.49%
Total	$ 115,617,413		6.89%	$ 60,761,958		7.46%
Total Taxable Assessed Value of Other Taxpayers	$ 1,563,568,035		93.11%	$ 753,455,565		92.54%
Total Taxable Assessed Value	$ 1,679,185,448		100.00%	$ 814,217,523		100.00%

Source: Okaloosa County Property Appraiser's Office

CITY OF NICEVILLE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population	Personal Income*	Per Capita Personal Income	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2014	13,044	$ 408,003	$ 31,279	14	20,085	4.1%
2015	13,312	$ 426,596	$ 32,046	14	19,114	4.2%
2016	13,489	$ 450,924	$ 33,429	14	18,001	4.1%
2017	14,008	$ 480,054	$ 34,270	16	16,453	2.8%
2018	14,508	$ 470,523	$ 32,432	16	18,057	2.3%
2019	15,558	$ 568,365	$ 36,532	16	15,827	2.2%
2020	14,976	$ 581,758	$ 38,846	14	15,618	3.7%
2021	16,040	$ 717,100	$ 44,707	14	12,768	3.2%
2022	16,186	$ 813,981	$ 50,289	14	14,122	2.2%
2023	16,492	$ 743,221	$ 45,066	14	12,862	2.8%

*Thousands of dollars

Sources: Population data provided by Florida Office of Economic & Demographic Research; education level information provided by the University of Florida; personal income provided by the local Chamber of Commerce; School enrollment data provided by the Okaloosa County School Board; unemployment rates provided by Florida Department of Economic Opportunity

CITY OF NICEVILLE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical arrests	412	367	343	450	515	503	377	249	298	201
Traffic violations	2,371	2,254	1,763	1,750	1,728	2,012	1,429	1,632	1,451	1,478
Fire										
Emergency responses	1,663	1,720	1,922	1,250	1,504	1,760	1,428	1,522	1,728	1,943
Inspections	506	350	150	365	328	538	96	135	110	100
Building										
Permits issued	1,775	1,818	1,430	1,165	1,436	1,208	1,454	1,648	1,649	1,377
Library										
Volumes in collection	74,370	77,144	76,069	78,867	73,565	75,959	75,561	73,555	73,456	72,932
Water										
New connections	123	128	104	96	113	104	148	115	175	189
Average daily consumption (thousands of gallons)	2,401	2,314	2,074	2,464	2,344	3,114	2,570	2,515	2,557	2,734

Sources: Various City departments.
Note: Indicators are not available for the general government function.

CITY OF NICEVILLE, FLORIDA
FULL-TIME EQUIVALENT - CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Executive	2	2	2	2	2	2	2	2	2	2
Financial and administrative	7	7	7	7	10	13	13	10	12	11
Planning	0	0	0	1	1	1	1	1	1	1
Building	2	2	2	3	3	3	3	3	3	2
Other	9	8	10	7	5	5	4	5	10	8
Public safety										
Police	32	32	32	31	34	39	36	36	30	39
Fire	13	16	16	16	19	22	21	24	23	25
Physical environment										
Other public works	10	15	14	14	14	15	15	13	13	13
Transportation	5	3	4	5	5	6	5	5	5	8
Culture and recreation										
Parks and recreation	18	20	20	23	26	31	29	27	28	21
Library	8	8	7	8	10	13	13	13	11	13
Water	17	18	19	17	16	16	16	20	17	17
Sanitation	9	11	11	10	10	12	12	13	9	8
Other	0	0	0	0	0	1	1	1	0	0
Total	132	142	144	144	155	179	171	173	164	168

Source: City Budget Office

CITY OF NICEVILLE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	25	25	23	30	37	39	36	36	39
Fire stations	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	80.2	80.5	81.0	81.0	81.8	74.9	75.9	75.9	77.7	79.0
Streetlights	1,837	1,802	1,812	1,815	1,815	1,815	1,815	2,132	2,132	2,132
Parks and recreation										
Acreage	118.9	116.9	287.7	287.7	287.7	289.6	291.2	293.8	294.0	294.0
Mini-parks	4	4	4	4	4	4	4	1	4	4
Neighborhood parks	8	8	5	5	5	5	5	5	5	5
Community parks	12	12	16	16	16	17	17	18	18	18
Other parks	1	1	1	1	1	1	1	-	-	-
Water										
Water mains (miles)	126	126	126	126	131	137	137	141	144	149
Fire hydrants	729	732	762	769	772	792	798	814	813	814
Number of service connections	9,763	9,774	9,763	9,766	9,963	10,274	11,143	10,394	11,343	11,605
Storage capacity (thousands of gallons)	5,350	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Wastewater										
Number of sanitary sewers	68	70	70	70	70	86	87	91	122	126
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of service connections	7,919	8,032	8,115	8,115	8,286	8,584	8,566	8,735	8,776	9,058
Storm sewers (miles)	36.0	33	34.9	34.9	31.5	32.0	32.0	33.0	45.0	47.3

Sources: Various City departments

Note: No capital asset indicators are available for the general government or library function.

CITY OF NICEVILLE, FLORIDA
PRINCIPAL EMPLOYERS - CURRENT YEAR
(UNAUDITED)

	2023			2014		
Taxpayer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Okaloosa County School District	3,495	1	3.30%			
Walmart (Okaloosa County Combined)	1,710	2	1.61%			
HCA Florida Fort Walton-Destin Hospital	1,221	3	1.15%			
Publix	1,050	4	0.99%			
Okaloosa County (Government)	903	5	0.85%			
Northwest Florida State College	765	6	0.72%			
North Okaloosa Medical Center	737	7	0.70%	678	6	0.70%
Reliance Test and Technology	730	8	0.69%			
Lockheed Martin	698	9	0.66%	800	4	0.82%
White Wilson Medical Center	492	10	0.46%			
Jacobs Engineering Group, Inc.				1,483	1	1.53%
Fort Walton Beach Medical Center				1,250	2	1.29%
L-3 Crestview Aerospace				1,064	3	1.09%
InDyne, Inc.				800	4	0.82%
DRS Training & Control Systems, LLC				454	7	0.47%
NEW, Inc.				450	8	0.46%
Boeing Company				419	9	0.43%
BAE Systems				410	10	0.42%
Total	11,801		11.14%	7,808		8.03%
Total County Employment	105,964			97,219		

Sources: One Okaloosa; Economic Development Council; Federal Reserve Bank of St. Louis; U.S. Department of Commerce

IV. COMPLIANCE SECTION

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

CITY OF NICEVILLE, 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	Amount Received in the 2022-2023 Fiscal Year	Amount Expended in the 2022-2023 Fiscal Year
Florida Gulf Environmental Benefit Fund:		
Boggy Bayou Watershed Quality Improvements [1]	$ -	$ 1,362,470

[1] This is a private grant from a not-for-profit organization.

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited the financial statements of the City of Niceville, Florida (the City) as of and for the year ended September 30, 2023, and have issued our report thereon dated March 25, 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 on the previous page is presented for the purpose of additional analysis as required by Section 288.8018, Florida Statutes, and the Rules of the Auditor General Chapter 10.557(3)(f) 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 25, 2024

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

Honorable Mayor and City Council Members
City of Niceville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, 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 of Niceville, Florida's basic financial statements and have issued our report thereon dated March 25, 2024.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 25, 2024

Warren Averett
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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement* during the year ended September 30, 2023.

Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative Compliance Examination Engagement." Those standards and requirements 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 the specified requirements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2023. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
March 25, 2024

CITY OF NICEVILLE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2023

FINANCIAL STATEMENT FINDINGS

FINDING 2023-001 – CAPITAL ASSET MANAGEMENT AND REPORTING

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
Material adjustments were necessary as a result of audit procedures related to identifying, recording, depreciating, tracking, and reconciling capital assets.

Cause
The majority of capital asset activity is not reviewed and reconciled on an interim basis, which results in many adjusting entries that are made only at year-end. Due to the volume of year-end entries necessary to properly record capital asset activity and the timeframe in which the Finance Department has to accomplish the task, there is not sufficient time to accomplish a robust review of the capital asset reconciliations.

Effect
The City's key internal controls over capital asset management and reporting are not functioning as designed.

Recommendation
The City should adhere to its capital asset reporting policies and procedures to ensure that capital asset reconciliation activities are performed and reviewed on a timely basis by appropriately experienced and trained personnel. In addition, we recommend that capital asset reconciliations should take place, at minimum, on a quarterly basis.

Management's Response
Management is in agreement with this finding. The Finance Department will adhere to its policies and procedures for identifying, recording, depreciating, tracking, and reconciling capital assets, which includes adequate review activities performed by qualified personnel.

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INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, 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 investments, and

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.

Warren Averett, LLC

Fort Walton Beach, Florida
March 25, 2024

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MANAGEMENT LETTER

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Niceville, Florida (the City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 25, 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; 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 in Accordance with *Government Auditing Standards*; Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement; Schedule of Findings and Responses; 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 25, 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 annual financial audit report. The table below summarizes uncorrected findings in the current financial audit report.

Tabulation of Uncorrected Audit Findings			
Description	**Current Year Finding #**	**2021-22 FY Finding #**	**2020-21 FY Finding #**
Capital Asset Management and Reporting	2023-001	2022-001	N/A

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 Niceville-Valparaiso Regional Sewer Board (the Board) as a discretely presented component unit in the accompanying financial statements. The legal authority that established the Board is disclosed in Note 1 to the financial statements. The City also included the Niceville Community Redevelopment Agency (the CRA) as a blended component unit in the accompanying financial statements. 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 the same.

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

b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 1.

c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $39,999.

d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $36,456.

e) No construction projects with a total cost of at least $65,000 approved by the CRA that are scheduled to begin on or after October 1 of the fiscal year being reported.

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 is the City amends a final adopted budget under Section 189.016(6), Florida Statutes, as $87,720.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Niceville-Valparaiso Regional Sewer Board, Inc. (the Board) reported:

a) The total number of Board employees compensated in the last pay period of the Board's fiscal year as 9.

b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year as 2.

c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $572,490.

d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $124,307.

e) Each construction project with a total cost of at least $65,000 approved by the Board that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

- Replacement and upgrade of return activated sludge (RAS) pumps – $442,458
- Replacement of motor control center (MCC) at sprayfield – $151,318

f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

The information reported in the Specific Information section of this letter 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 25, 2024

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared David Deitch, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Niceville, Florida which is a local governmental entity of the State of Florida.

2. The governing body of the City of Niceville, Florida adopted Ordinance No. 14-09-06 and Resolution No. 14-09-07 implementing an impact fee.

3. The City of Niceville, Florida has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

David Deitch

David Deitch, City Manager, March 26, 2024

STATE OF FLORIDA
COUNTY OF OKALOOSA

SWORN TO AND SUBSCRIBED before me this 26th day of March, 2023.

STATE OF FLORIDA
COMMISSION NUMBER HH 299135
MY COMMISSION
EXPIRES 11-12-2026
WENDY K. FARMER
NOTARY PUBLIC

Wendy K. Farmer
NOTARY PUBLIC

Print Name Wendy K. Farmer

Personally known ✓ or produced identification ___

Type of identification produced: _____

My Commission Expires:

11-12-2026