

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
CITY OF ATLANTIC BEACH, FLORIDA
SEPTEMBER 30, 2022

**CITY OF ATLANTIC BEACH, FLORIDA
 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
 SEPTEMBER 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atlantic Beach, Florida, (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

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

INDEPENDENT AUDITOR'S REPORT

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual non-major fund financial statements, historical revenues and expenses, schedule of net revenues in accordance with bond resolutions, and other bond covenant disclosures (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 2, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the City's 2021 financial statements, and our report dated July 20, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it was derived.



June 2, 2023
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

As management of the City of Atlantic Beach, Florida (the City), we offer readers of our financial statements this narrative overview and analysis for the fiscal year ended September 30, 2022.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between reported as net position. Net position is reported as one of three categories: invested in capital assets net of related debt; restricted; or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

■ **Governmental Funds**

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

The City maintains 14 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, *American Rescue Plan Act (ARPA)* Special Revenue Fund and Capital Projects Fund, which are considered to be a major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation called Non-Major Governmental Funds. Fund data for these non-major governmental funds is provided in the form of combining statements. These combining statements can be found on pages 74-77 of this report.

The City adopts an annual appropriated budget for all funds but is only required to present a budget comparison for its General Fund. The Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund budgetary comparison schedule and notes on pages 62-64 of this report has been provided to demonstrate compliance with this budget.

■ **Proprietary Funds**

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

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

■ **Fiduciary Funds**

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

Notes to Financial Statements

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

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the General Fund. Required supplementary information can be found beginning on page 62 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a City's financial position. As can be seen in the summarized table below, the City's assets exceeded liabilities by \$97,908,794 at the close of the fiscal year ended September 30, 2022.

By far the largest portion of the City's net position, \$66,973,541 (68%), reflects its investment in capital assets (i.e., land, buildings, equipment, and infrastructure), less any related, outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$8,063,580 (8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$22,871,673 (24%), is used to meet the government's ongoing obligations to citizens and creditors.

City of Atlantic Beach's Net Position
September 30, 2022 and 2021
(In Thousands)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$22,363	\$12,951	\$20,900	\$16,474	\$43,263	\$29,425
Capital Assets	45,473	44,198	32,755	33,996	78,228	78,194
Total Assets	67,836	57,149	53,655	50,470	121,491	107,619
Deferred Outflow	1,753	2,627	773	1,167	2,526	3,794
Long-Term Liabilities						
Outstanding	2,465	7,137	10,733	11,960	13,198	19,097
Other Liabilities	5,603	881	1,783	3,771	7,386	4,652
Total Liabilities	8,068	8,018	12,516	15,731	20,584	23,749
Deferred Inflow	3,562	366	1,962	66	5,524	432
Net Position:						
Invested in Capital Assets,						
Net of Related Debt	44,225	42,934	22,748	22,307	66,973	65,241
Restricted	5,608	4,382	2,456	2,250	8,064	6,632
Unrestricted	8,126	4,076	14,746	11,283	22,872	15,359
Total Net Position	\$57,959	\$51,392	\$39,950	\$35,840	\$97,909	\$87,232

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

As illustrated in the schedule on page 6, the City was able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Atlantic Beach's Change in Net Position
For the Years Ended September 30, 2022 and 2021
(In Thousands)

	Governmental		Business-type		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
<i>Program Revenues:</i>						
Charges for Services	\$ 1,365	\$ 1,238	\$ 14,001	\$ 13,183	\$ 15,366	\$ 14,421
Operating Grants and Contributions	424	537	-	-	424	537
Capital Grants and Contributions	334	99	972	313	1,306	412
<i>General Revenues:</i>						
Property Taxes	6,709	6,342	-	-	6,709	6,342
Public Service Tax and Franchise Fees	2,086	1,655	-	-	2,086	1,655
Fuel Taxes	890	622	-	-	890	622
Discretionary Sales Surtax	1,203	1,040	-	-	1,203	1,040
State Shared Revenue	2,378	2,091	-	-	2,378	2,091
Other	4,306	36	(368)	19	3,938	55
Total Revenues	19,695	13,660	14,605	13,515	34,300	27,175
Expenses:						
General Government	2,588	2,931	-	-	2,588	2,931
Public Safety	6,378	6,448	-	-	6,378	6,448
Road Maintenance and Construction	2,029	2,291	-	-	2,029	2,291
Parks and Recreation	1,580	1,369	-	-	1,580	1,369
Conservation and Resource Management	14	3	-	-	14	3
Interest on Long-Term Debt	42	45	-	-	42	45
Utility	-	-	7,080	8,255	7,080	8,255
Stormwater	-	-	1,326	1,661	1,326	1,661
Sanitation	-	-	2,076	1,717	2,076	1,717
Building Code Enforcement	-	-	510	561	510	561
Total Expenses	12,631	13,087	10,992	12,194	23,623	25,281
Transfers	(497)	1,480	497	(1,480)	-	-
Change in Net Position	6,567	2,053	4,110	(159)	10,677	1,894
Net Position-Beginning	51,392	49,339	35,840	35,999	87,232	85,338
Net Position-Ending	\$57,959	\$51,392	\$ 39,950	\$ 35,840	\$ 97,909	\$ 87,232

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

Fund Financial Analysis

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

■ **Governmental Funds**

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$15,424,977 an increase of \$3,334,035 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance was \$4,156,767, which equated to 31% of total General Fund expenditures without transfers. The net result of various revenue and expense items resulted in an increase to the City's General Fund of \$1,812,530 or 23% during the current fiscal year. Property tax revenues increased by \$367,186 or 6% from the previous year. This was a result of an increase in the taxable values. General Fund transfers in increased by \$1,086,899, and there were no transfers out. Overall, general fund expenditures increased by \$1,291,434 or 11%. This can be attributed returning to increase in capital expenditures and salary adjustments.

The City reports two additional major funds as of September 30, 2022, the ARPA special revenue fund and the capital projects fund. The ARPA special revenue fund was established in 2022 to report the sources, uses and residual balances of the ARPA State and Local Fiscal Recovery Funds. Revenue recognized in the ARPA special revenue funds was \$4,619,415 and was equal to the allowable costs paid with these funds during the year. The capital projects fund was previously reported as a non-major fund and has been accumulating resources for capital projects to the extent that this fund met the definition of a major fund in 2022. The capital projects fund expended \$1,407,916 on capital projects in 2022 and reported total assets of \$4,831,063 at September 30, 2022, which is mainly restricted for road maintenance and construction projects.

Non-major governmental funds consisting of special revenue funds and the debt service fund, which have a combined fund balance of \$1,291,716. The net decrease in fund balance, after transfers, of the non-major governmental funds was \$466,925. The decrease in the fund was related to the increase in Capital Outlay Expenditures as many projects previously on hold due to supplies and labor being difficult to procure moved toward completion.

■ **Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. During the fiscal year the proprietary funds recorded revenues of \$13,982,645, expenses of \$10,676,205, net non-operating revenue of \$(665,760) and net capital contributions, grants and transfers of \$1,468,924. The net position in the proprietary funds increased \$4,109,604 as a result of the fiscal year's activities. The unrestricted net position of the enterprise funds amounted to \$14,745,587 at the end of fiscal year 2022.

Stormwater rates stayed constant in fiscal year 2022 as there were no rate changes. The \$8.39 per ERU is approximately 70%, compared to 55% for the prior year, of the total operating expenses of \$1,294,114 needed to fully fund the operation with charges for service.

During fiscal year 2022, the Sanitation Fund netted a decrease in net position of \$349,847.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)

General Fund Budgetary Highlights

Net Budget

The overall net difference from the final budgeted resources (revenues and other financing sources) and adjusted final budgeted uses (expenditures and other financing uses) was a deficit of \$765,538. The actual increase in fund balance was \$1,812,530. This resulted in a \$2,578,068 positive budgetary variance.

Capital Assets and Debt Administration

Capital Assets—The City's investment in capital assets, net of related depreciation, for its governmental and business-type activities as of September 30, 2022, amounted to \$78,228,534. This investment in capital assets includes land, land improvements, land easements, buildings and infrastructure improvements, equipment, and construction in progress.

The total change in the City's capital assets, net of related depreciation, for the current fiscal year was an increase of \$1,274,741 or 2.9% for governmental activities and a decrease of \$1,241,467, or 3.7%, for business-type activities.

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

■ **Governmental Activities**

Buildings reflected a net decrease of \$43,837 as a result of depreciation.

Intangible Assets reflected a net decrease of \$15,802 as a result of depreciation. This asset category includes land easements and computer software.

Improvements Other Than Buildings reflected a net increase of \$115,676. This represents capital asset increase of \$845,836 offset by depreciation of \$730,160.

Equipment reflected a net decrease of \$91,444. This represents capital asset increase of \$520,191, offset by depreciation of \$611,635.

Construction in progress increased by \$1,132,925.

■ **Business-Type Activities**

Buildings reflected a net decrease in asset value of \$4,892 from depreciation.

Improvements Other Than Buildings reflected a net decrease of \$1,889,252. This represents capital asset increases of \$254,800, offset by depreciation of \$2,144,052.

Equipment reflected a net decrease of \$112,007. This represents capital asset increase of \$221,234, offset by depreciation of \$333,241.

Construction in Progress had a net increase of \$764,874.

**CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Continued)**

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

	Governmental		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 12,091	\$ 11,914	\$ 1,656	\$ 1,656	\$ 13,747	\$ 13,570
Intangibles	71	87	213	213	284	300
Buildings	6,711	6,755	16	21	6,727	6,776
Improvements-Other	23,853	23,737	28,628	30,517	52,481	54,254
Equipment	1,058	1,150	776	888	1,834	2,039
Construction in Progress	1,690	557	1,466	701	3,156	1,258
Total	\$ 45,474	\$ 44,200	\$32,755	\$33,996	\$ 78,229	\$ 78,197

Additional information on the City's capital assets can be found in Note 5 on pages 41-42 of this report.

Long-term Debt

At the end of the 2022 fiscal year, the City had total bonded debt outstanding of \$11,436,000. The amount of \$10,261,000 represents the City's debt related to its business type activities. This amount was comprised of debt secured solely by specified revenue sources. A detailed listing of the City's debt can be found in the table below.

**City of Atlantic Beach's Outstanding Debt
September 30, 2022
(In Thousands)**

	2022	2021
Governmental Activities:		
Capital Improvement Revenue Bonds, Series 2018	\$ 1,175	\$ 1,255
Business-Type Activities:		
Utilities System Revenue Bond, Series 2014	5,505	6,805
Refunding Bank Loan Series 2022	4,756	5,193
Capital Lease Payable – 2018	-	71
Total	\$ 11,436	\$ 13,324

Debt service coverage calculations can be found on page 79. Additional information on the City's long-term debt can be found in Note 6 on pages 43-45 of this report.

Revenue Highlights:

- Total General Fund Revenues for 2022 were \$1,086,246 higher than 2021 revenue (page 17). Increase in property tax revenue of \$367,186 is the largest contributor to this increase.
- The 2022 taxable property values were about 5% higher than the 2021 values. The City Commission voted to use the same millage rate of 3.2285 mills. The purpose for adopting the millage rate of 3.2285 was to maintain a level of ad valorem tax revenue sufficient to maintain adequate funding for the existing level of services at the estimated cost and to continue to maintain the City's infrastructure and adequate reserves. The final gross taxable property value was \$2,138,980,854. Ad valorem taxes of \$6,708,984 represent 52% of the General Fund revenues for 2022.

CITY OF ATLANTIC BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(Concluded)

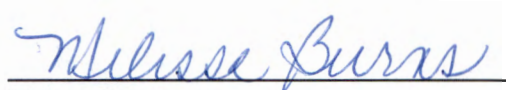
- The 2022 Intergovernmental revenues of \$2,740,162 make up 21% of general fund revenues. This is an increase of \$351,847 over 2021.
- The City's investment portfolio is valued at approximately \$24,537,285 as of September 30, 2022. The investments showed a loss of approximately \$818,000 for the year.

Expenditure Highlights:

- Total Governmental Fund Expenditures increased in current year by \$2,847,679 when compared to prior year. Capital expenditures increased from \$773,989 in 2021 to \$2,841,406 in 2022. This increase is due to prior year projects that were put on hold due to the continued effects of the COVID-19 pandemic being completed in the current year.

Requests for Information

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



Melissa Burns
Director of Finance

BASIC FINANCIAL STATEMENTS

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

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021

	Primary Government			2021 Totals
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and investments	\$ 8,079,213	\$ 14,861,302	\$ 22,940,515	\$ 20,901,346
Cash with fiscal agent	-	1,394,133	1,394,133	-
Receivables, current:				
Customer accounts, net	1,077	783,439	784,516	802,838
Intergovernmental and other	1,402,607	-	1,402,607	1,130,466
Notes and leases receivable, net	760	50,502	51,262	760
Inventory	86,539	49,872	136,411	104,686
Prepaid expenses	106,223	-	106,223	33,374
Internal balances	586,446	(586,446)	-	-
Due from fiduciary component unit	255,259	-	255,259	-
Net pension assets	1,355,221	590,793	1,946,014	-
Restricted assets:				
Equity in pooled cash and investments	10,487,930	2,825,069	13,312,999	6,448,330
Capital assets:				
Non-depreciable	13,780,307	3,121,585	16,901,892	14,826,870
Depreciable, net	31,693,226	29,633,416	61,326,642	63,368,390
Notes and leases receivable, noncurrent	1,520	930,926	932,446	1,520
TOTAL ASSETS	67,836,328	53,654,591	121,490,919	107,618,580
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,709,242	432,851	2,142,093	3,295,628
Deferred outflows - loss on refunding	-	323,829	323,829	431,772
Deferred outflows related to OPEB	43,978	16,736	60,714	66,988
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,753,220	773,416	2,526,636	3,794,388
LIABILITIES				
Accounts payable and accrued expenses	1,017,764	818,612	1,836,376	1,600,090
Construction costs payable	73,273	69,549	142,822	62,743
Due to other governments	-	62,656	62,656	50,698
Unearned revenue	4,477,045	-	4,477,045	212,389
Accrued interest payable	20,856	90,973	111,829	130,534
Customer deposits	14,515	741,255	755,770	728,838
Long-term obligations:				
Due within one year	273,015	1,838,578	2,111,593	2,157,102
Due in more than one year	2,191,920	8,894,644	11,086,564	18,806,160
TOTAL LIABILITIES	8,068,388	12,516,267	20,584,655	23,748,554
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	3,392,815	930,479	4,323,294	233,268
Deferred inflows related to OPEB	169,420	64,473	233,893	199,032
Deferred inflows related to leases	-	966,919	966,919	-
Total deferred inflows of resources	3,562,235	1,961,871	5,524,106	432,300
NET POSITION				
Net investment in capital assets	44,225,260	22,748,281	66,973,541	65,240,433
Restricted for:				
General government facilities	371,500	-	371,500	257,189
Public safety	146,095	-	146,095	133,634
Road maintenance and construction	4,780,647	-	4,780,647	3,675,631
Other purposes	309,437	-	309,437	315,693
Debt service	-	280,916	280,916	280,916
Renewal and replacement	-	250,000	250,000	250,000
Utility rate stabilization	-	400,000	400,000	400,000
Utility system improvements	-	1,307,707	1,307,707	1,191,635
Building code enforcement	-	217,278	217,278	127,772
Unrestricted	8,125,986	14,745,687	22,871,673	15,359,211
TOTAL NET POSITION	\$ 57,958,925	\$ 39,949,869	\$ 97,908,794	\$ 87,232,114

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			2021 Totals
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 2,588,199	\$ 364,479	\$ 10,000	\$ 223,046	\$ (1,990,674)	\$ -	\$ (1,990,674)	\$ (2,683,947)
Public safety	6,377,771	661,307	173,065	52,858	(5,490,541)	-	(5,490,541)	(5,370,879)
Transportation	2,028,970	263,344	139,259	-	(1,626,367)	-	(1,626,367)	(1,830,605)
Parks and recreation	1,579,998	76,013	-	-	(1,503,985)	-	(1,503,985)	(1,321,194)
Conservation and resource management	14,405	-	101,823	58,008	145,426	-	145,426	38,341
Interest on long-term debt	41,713	-	-	-	(41,713)	-	(41,713)	(44,553)
Total governmental activities	12,631,056	1,365,143	424,147	333,912	(10,507,854)	-	(10,507,854)	(11,212,837)
Business-type activities								
Utility	7,079,792	10,542,134	-	972,038	-	4,434,380	4,434,380	1,731,067
Stormwater	1,326,231	909,139	-	-	-	(417,092)	(417,092)	(627,813)
Sanitation	2,075,805	2,076,213	-	-	-	408	408	285,031
Building code enforcement	509,817	473,873	-	-	-	(35,944)	(35,944)	(86,120)
Total business-type activities	10,991,645	14,001,359	-	972,038	-	3,981,752	3,981,752	1,302,165
TOTAL PRIMARY GOVERNMENT	\$ 23,622,701	\$ 15,366,502	\$ 424,147	\$ 1,305,950	\$ (10,507,854)	\$ 3,981,752	\$ (6,526,102)	\$ (9,910,672)
GENERAL REVENUES								
Taxes:								
Property taxes, levied for general purposes					6,708,984	-	6,708,984	6,341,798
Public service taxes and franchise fees					2,085,980	-	2,085,980	1,655,198
Fuel taxes levied for transportation purposes					890,413	-	890,413	621,762
Discretionary Sales Surtax					1,202,628	-	1,202,628	1,039,813
State shared revenue					2,377,857	-	2,377,857	2,090,852
Grants not restricted to specific programs					4,619,415	-	4,619,415	-
Investment earnings (loss)					(370,552)	(447,456)	(818,008)	(84,443)
Miscellaneous					55,437	78,422	133,859	139,609
Gain (loss) on disposal of capital assets					1,654	-	1,654	-
TRANSFERS					(496,886)	496,886	-	-
Total general revenues and transfers					17,074,930	127,852	17,202,782	11,804,589
CHANGE IN NET POSITION					6,567,076	4,109,604	10,676,680	1,893,917
NET POSITION, beginning of year					51,391,849	35,840,265	87,232,114	85,338,197
NET POSITION, end of year					\$ 57,958,925	\$ 39,949,869	\$ 97,908,794	\$ 87,232,114

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021

	2022					2021 Totals
	American Rescue Plan		Capital Projects Fund	Non-Major Governmental Funds	Total	
	General Fund	Act Special Revenue Fund				
ASSETS						
Equity in pooled cash and investments	\$ 8,079,213	\$ 4,328,428	\$ 4,831,063	\$ 1,328,439	\$ 18,567,143	\$ 11,870,921
Receivables, net						
Customer accounts, net	1,077	-	-	-	1,077	400
Intergovernmental and other	958,610	-	-	443,997	1,402,607	998,649
Notes receivable, current	760	-	-	-	760	760
Inventory	86,539	-	-	-	86,539	43,923
Prepaid expenditures	5,367	-	-	100,856	106,223	33,374
Due from other funds	1,438,661	-	-	-	1,438,661	488,329
Notes receivable, non-current	1,520	-	-	-	1,520	1,520
TOTAL ASSETS	\$ 10,571,747	\$ 4,328,428	\$ 4,831,063	\$ 1,873,292	\$ 21,604,530	\$ 13,437,876
LIABILITIES						
Accounts payable and accrued liabilities	643,113	-	355,077	19,574	1,017,764	806,564
Construction costs payable	3,270	-	62,657	7,346	73,273	10,616
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	44,067	552,889	596,956	488,329
Deposits	12,748	-	-	1,767	14,515	11,029
Unearned revenue	148,618	4,328,427	-	-	4,477,045	30,396
TOTAL LIABILITIES	807,749	4,328,427	461,801	581,576	6,179,553	1,346,934
FUND BALANCE						
Nonspendable:						
Inventory	86,539	-	-	-	86,539	43,923
Prepays	5,367	-	-	100,856	106,223	33,374
Restricted for:						
Public safety	-	-	-	146,095	146,095	133,634
Road maintenance and construction	-	-	3,997,762	782,885	4,780,647	3,675,631
Capital projects	-	-	371,500	-	371,500	257,189
Other purposes	-	-	-	309,437	309,437	315,693
Committed to:						
Conservation and resource management	-	-	-	203,490	203,490	116,072
Assigned to:						
Community redevelopment	50,000	-	-	-	50,000	50,000
Operating reserves	4,561,859	1	-	-	4,561,860	4,018,880
Subsequent year budget	903,466	-	-	-	903,466	-
Unassigned	4,156,767	-	-	(251,047)	3,905,720	3,446,546
TOTAL FUND BALANCES	9,763,998	1	4,369,262	1,291,716	15,424,977	12,090,942
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,571,747	\$ 4,328,428	\$ 4,831,063	\$ 1,873,292	\$ 21,604,530	\$ 13,437,876

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021

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

	<u>2022</u>	<u>2021</u>
FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 15,424,977	\$ 12,090,942
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	45,473,533	44,198,792
The net pension assets are not current financial resources and therefore are not reported in the governmental funds.	1,355,221	-
Deferred outflows of resources represent an consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	1,753,220	2,627,418
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.	(3,562,235)	(366,208)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(20,856)	(22,276)
Long-term liabilities (including bonds and notes payable, compensated absences liability, OPEB obligation, and net pension liabilities) are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
This is the amount of the long-term obligations	(2,464,935)	(7,136,819)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 57,958,925</u>	<u>\$ 51,391,849</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022				Total	2021 Totals
	General Fund	American Rescue Plan Act Special Revenue Fund	Capital Projects Fund	Non-major Governmental Funds		
REVENUES:						
Property taxes	\$ 6,708,984	\$ -	\$ -	\$ -	\$ 6,708,984	\$ 6,341,798
Non-property taxes	1,300,872	-	-	2,093,041	3,393,913	2,940,065
Licenses and permits	1,097,637	-	-	-	1,097,637	789,254
Intergovernmental revenue	2,740,162	4,619,415	-	110,866	7,470,443	2,388,315
Charges for services	847,851	-	-	110,305	958,156	1,030,552
Fines and forfeitures	234,136	-	-	135,210	369,346	90,816
Investment earnings (loss)	(171,235)	-	(209,706)	10,388	(370,553)	(34,758)
Miscellaneous revenues	64,614	1	-	2,476	67,091	(24,483)
Total revenues	12,823,021	4,619,416	(209,706)	2,462,286	19,695,017	13,521,559
EXPENDITURES:						
General government	3,012,693	-	-	30,171	3,042,864	2,744,054
Public safety	6,816,042	-	16,914	28,111	6,861,067	6,699,708
Transportation	1,503,867	-	-	-	1,503,867	1,588,500
Culture/recreation	1,491,759	-	-	-	1,491,759	1,089,282
Capital outlay	751,127	-	1,391,002	699,277	2,841,406	773,989
Debt service	-	-	-	123,133	123,133	120,884
Total expenditures	13,575,488	-	1,407,916	880,692	15,864,096	13,016,417
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(752,467)	4,619,416	(1,617,622)	1,581,594	3,830,921	505,142
OTHER FINANCING SOURCES (USES)						
Transfers in	2,564,997	-	3,822,718	339,800	6,727,515	2,695,649
Transfers (out)	-	(4,619,415)	(216,667)	(2,388,319)	(7,224,401)	(1,215,395)
Sale of general capital assets	-	-	-	-	-	13,231
TOTAL OTHER FINANCING SOURCES (USES)	2,564,997	(4,619,415)	3,606,051	(2,048,519)	(496,886)	1,493,485
NET CHANGE IN FUND BALANCE	1,812,530	1	1,988,429	(466,925)	3,334,035	1,998,627
FUND BALANCE, beginning of year	7,951,468	-	2,380,833	1,758,641	12,090,942	10,092,315
FUND BALANCE, end of year	\$ 9,763,998	\$ 1	\$ 4,369,262	\$ 1,291,716	\$ 15,424,977	\$ 12,090,942

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

	<u>2022</u>	<u>2021</u>
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,334,035	\$ 1,998,627
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount of capital assets recorded in the current period.	2,878,911	712,910
This is the amount of depreciation recorded in the current period.	(1,603,302)	(1,577,916)
This is the book value of dispositions recorded in the current period.	(868)	(172,933)
Long-term obligations including bonds and notes payable, compensated absences and other post-employment benefit obligations are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:		
This is the repayment of bond principal reported as expenditures in governmental funds.	80,000	75,000
This is the change in accrued interest payable on long-term obligations.	1,420	1,332
This is the change in accrued compensated absences during the year.	(7,455)	(51,549)
Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:		
This amount represents the change in deferred inflows related to OPEB.	(27,837)	4,673
This amount represents the change in deferred outflows related to OPEB.	(3,674)	(9,413)
This amount represents the change in the total OPEB liability.	7,282	(20,934)
Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:		
This amount represents the change in deferred inflows related to pensions.	(3,168,190)	169,838
This amount represents the change in deferred outflows related to pensions.	(870,524)	482,592
This amount represents the change in the net pension liability(asset).	5,947,278	440,520
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,567,076</u>	<u>\$ 2,052,747</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021

	2022					2021 Totals
	Business Type Activities - Enterprise Funds				Totals	
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement		
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 13,846,033	\$ 197,935	\$ 451,346	\$ 365,988	\$ 14,861,302	\$ 13,356,204
Cash with fiscal agent	1,212,896	181,237	-	-	1,394,133	-
Accounts receivables, net	704,365	38,245	40,829	-	783,439	802,438
Due from other governments	-	-	-	-	-	131,817
Leases receivable - current	50,502	-	-	-	50,502	-
Inventory	49,872	-	-	-	49,872	60,763
Total current assets	15,863,668	417,417	492,175	365,988	17,139,248	14,351,222
Noncurrent assets:						
Net pension asset	511,011	-	-	79,782	590,793	-
Leases receivable - noncurrent	930,926	-	-	-	930,926	-
Restricted assets:						
Equity in pooled cash and investments	2,825,069	-	-	-	2,825,069	2,122,551
Capital assets:						
Non-depreciable	1,860,217	1,261,368	-	-	3,121,585	2,356,711
Depreciable, net	22,113,271	7,465,837	1,574	52,734	29,633,416	31,639,757
Total noncurrent assets	28,240,494	8,727,205	1,574	132,516	37,101,789	36,119,019
Total assets	44,104,162	9,144,622	493,749	498,504	54,241,037	50,470,241
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	374,398	-	-	58,453	432,851	715,862
Deferred outflows - refunding loss	281,731	42,098	-	-	323,829	431,772
Deferred outflows related to OPEB	12,109	2,342	-	2,285	16,736	19,336
Total deferred outflows of resources	668,238	44,440	-	60,738	773,416	1,166,970

Continued...

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (concluded)
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021

	2022					2021 Totals
	Business Type Activities - Enterprise Funds				Totals	
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement		
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 469,648	\$ 35,938	\$ 293,887	\$ 19,139	\$ 818,612	\$ 793,526
Construction costs payable	23,677	45,872	-	-	69,549	52,127
Due to other governments	10,676	-	-	51,980	62,656	50,698
Due to other funds	586,446	-	-	-	586,446	-
Unearned revenue	-	-	-	-	-	181,993
Compensated absences	44,339	2,378	-	14,861	61,578	58,800
Bonds and notes payable, current	1,604,100	172,900	-	-	1,777,000	1,807,856
Total current liabilities	<u>2,738,886</u>	<u>257,088</u>	<u>293,887</u>	<u>85,980</u>	<u>3,375,841</u>	<u>2,945,000</u>
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Customer deposits	741,255	-	-	-	741,255	717,809
Interest payable	82,636	8,337	-	-	90,973	108,258
Compensated absences	234,403	14,151	-	54,047	302,601	279,208
Other postemployment obligation payable	78,175	15,120	-	14,748	108,043	118,157
Net pension liability	-	-	-	-	-	1,301,422
Bonds and notes payable, noncurrent portion	7,941,250	542,750	-	-	8,484,000	10,261,000
Total noncurrent liabilities	<u>9,077,719</u>	<u>580,358</u>	<u>-</u>	<u>68,795</u>	<u>9,726,872</u>	<u>12,785,854</u>
Total liabilities	<u>11,816,605</u>	<u>837,446</u>	<u>293,887</u>	<u>154,775</u>	<u>13,102,713</u>	<u>15,730,854</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	804,825	-	-	125,654	930,479	8,643
Deferred inflows related to OPEB	46,649	9,023	-	8,801	64,473	57,449
Deferred inflows related to leases	966,919	-	-	-	966,919	-
Total deferred inflows of resources	<u>1,818,393</u>	<u>9,023</u>	<u>-</u>	<u>134,455</u>	<u>1,961,871</u>	<u>66,092</u>
NET POSITION						
Net investment in capital assets	14,686,192	8,007,781	1,574	52,734	22,748,281	22,307,257
Restricted for:						
Debt retirement	280,916	-	-	-	280,916	280,916
Renewal and replacement	250,000	-	-	-	250,000	250,000
Utility rate stabilization	400,000	-	-	-	400,000	400,000
Utility system improvements (expendable)	1,307,707	-	-	-	1,307,707	1,191,635
Building code enforcement	-	-	-	217,278	217,278	127,772
Unrestricted	14,212,587	334,812	198,288	-	14,745,687	11,282,685
Total net position	<u>\$ 31,137,402</u>	<u>\$ 8,342,593</u>	<u>\$ 199,862</u>	<u>\$ 270,012</u>	<u>\$ 39,949,869</u>	<u>\$ 35,840,265</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022					2021 Total
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Totals	
OPERATING REVENUES:						
Charges for services						
Customer charges	\$ 10,497,239	\$ 909,139	\$ 2,007,472	\$ 473,873	\$ 13,887,723	\$ 13,077,606
Franchise permits	-	-	16,500	-	16,500	15,500
Miscellaneous revenues	78,422	-	-	-	78,422	68,945
Total operating income	<u>10,575,661</u>	<u>909,139</u>	<u>2,023,972</u>	<u>473,873</u>	<u>13,982,645</u>	<u>13,162,051</u>
OPERATING EXPENSES:						
Personnel services	1,687,884	204,956	31,712	408,638	2,333,190	2,574,572
Contractual services	535,134	127,733	1,679,841	14,127	2,356,835	2,326,252
Supplies	421,328	27,917	-	1,612	450,857	557,944
Repairs and maintenance	471,440	40,757	5,901	16,946	535,044	1,237,682
Utilities	402,707	-	-	-	402,707	349,132
Depreciation	1,914,543	548,953	450	18,429	2,482,375	2,586,982
Intergovernmental charges	1,106,562	306,997	355,993	38,387	1,807,939	1,690,011
Other expenses	256,871	36,801	1,908	11,678	307,258	290,359
Total operating expenses	<u>6,796,469</u>	<u>1,294,114</u>	<u>2,075,805</u>	<u>509,817</u>	<u>10,676,205</u>	<u>11,612,934</u>
OPERATING INCOME (LOSS)	<u>3,779,192</u>	<u>(384,975)</u>	<u>(51,833)</u>	<u>(35,944)</u>	<u>3,306,440</u>	<u>1,549,117</u>
NONOPERATING REVENUE (EXPENSE)						
Connection charges	44,895	-	-	-	44,895	34,333
Franchise fees	-	-	52,241	-	52,241	55,485
Investment earnings (loss)	(457,602)	28,444	(12,078)	(6,220)	(447,456)	(49,686)
Interest expense	(290,348)	(32,117)	-	-	(322,465)	(451,803)
Other, net	7,025	-	-	-	7,025	(128,781)
Total nonoperating revenues (expense)	<u>(696,030)</u>	<u>(3,673)</u>	<u>40,163</u>	<u>(6,220)</u>	<u>(665,760)</u>	<u>(540,452)</u>

Continued...

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022					2021 Total
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Totals	
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 3,083,162	\$ (388,648)	\$ (11,670)	\$ (42,164)	\$ 2,640,680	\$ 1,008,665
CAPITAL CONTRIBUTIONS						
System development charges	931,013	-	-	-	931,013	178,312
Capital grants and contributions	41,025	-	-	-	41,025	134,447
Total capital contributions	972,038	-	-	-	972,038	312,759
TRANSFERS						
Transfers in	2,144,251	424,533	1,407	113,241	2,683,432	285,000
Transfers out	(1,369,962)	(477,000)	(339,584)	-	(2,186,546)	(1,765,254)
Total transfers	774,289	(52,467)	(338,177)	113,241	496,886	(1,480,254)
CHANGE IN NET POSITION	4,829,489	(441,115)	(349,847)	71,077	4,109,604	(158,830)
NET POSITION, beginning of year	26,307,913	8,783,708	549,709	198,935	35,840,265	35,999,095
NET POSITION, end of year	\$ 31,137,402	\$ 8,342,593	\$ 199,862	\$ 270,012	\$ 39,949,869	\$ 35,840,265

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022					2021 Totals
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 10,446,349	\$ 925,522	\$ 2,074,232	\$ 483,449	\$ 13,929,552	\$ 13,203,356
Payments to suppliers	(3,057,119)	(519,561)	(2,180,482)	(75,795)	(5,832,957)	(6,081,134)
Payments for salaries and benefits	(2,179,940)	(290,927)	(33,159)	(480,175)	(2,984,201)	(2,946,189)
Net cash flows from operating activities	<u>5,209,290</u>	<u>115,034</u>	<u>(139,409)</u>	<u>(72,521)</u>	<u>5,112,394</u>	<u>4,176,033</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers to other funds	(1,369,962)	(477,000)	(339,584)	-	(2,186,546)	(1,480,254)
Transfers from other funds	2,144,251	424,533	1,407	113,241	2,683,432	-
Cash received from other funds	586,446	-	-	-	586,446	-
Connection charges received	44,895	-	-	-	44,895	34,333
Franchise fees received	-	-	52,241	-	52,241	55,485
Net cash flows from noncapital financing activities	<u>1,405,630</u>	<u>(52,467)</u>	<u>(285,936)</u>	<u>113,241</u>	<u>1,180,468</u>	<u>(1,390,436)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets, net of related payables	(1,186,510)	(36,976)	-	-	(1,223,486)	(380,993)
Principal paid on notes, bonds and lease obligations	(1,603,428)	(204,428)	-	-	(1,807,856)	(6,872,172)
Interest paid on borrowings and other debt costs	(211,753)	(20,054)	-	-	(231,807)	(393,657)
Proceeds from long-term debt	-	-	-	-	-	5,193,000
Proceeds from the sale of capital assets	35,244	-	-	-	35,244	143,451
Capital contributions, grants and impact fees received, net of change in related receivables	972,038	-	96,573	-	1,068,611	633,232
Net cash flows from capital and related financing activities	<u>(1,994,409)</u>	<u>(261,458)</u>	<u>96,573</u>	<u>-</u>	<u>(2,159,294)</u>	<u>(1,677,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on invested funds	(457,602)	(1,454)	(73,568)	(6,220)	(538,844)	(49,686)
Other income	7,025	-	-	-	7,025	6,300
Net cash flows from investing activities	<u>(450,577)</u>	<u>(1,454)</u>	<u>(73,568)</u>	<u>(6,220)</u>	<u>(531,819)</u>	<u>(43,386)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4,169,934</u>	<u>(200,345)</u>	<u>(402,340)</u>	<u>34,500</u>	<u>3,601,749</u>	<u>1,065,072</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>13,714,064</u>	<u>579,517</u>	<u>853,686</u>	<u>331,488</u>	<u>15,478,755</u>	<u>14,413,683</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 17,883,998</u>	<u>\$ 379,172</u>	<u>\$ 451,346</u>	<u>\$ 365,988</u>	<u>\$ 19,080,504</u>	<u>\$ 15,478,755</u>
As shown in the Accompanying Financial Statements						
Equity in cash and investments	\$ 13,846,033	\$ 197,935	\$ 451,346	\$ 365,988	\$ 14,861,302	\$ 13,356,204
Restricted equity in cash and investments	2,825,069	-	-	-	2,825,069	2,122,551
Total cash and cash equivalents	<u>\$ 17,883,998</u>	<u>\$ 379,172</u>	<u>\$ 451,346</u>	<u>\$ 365,988</u>	<u>\$ 19,080,504</u>	<u>\$ 15,478,755</u>
Noncash financing and investing activities:						
Amortization of refunding loss	\$ 93,911	\$ 14,032	\$ -	\$ -	\$ 107,943	\$ 107,944

Continued...

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF CASH FLOWS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022					2021 Totals
	Business Type Activities - Enterprise Funds					
	Utility	Stormwater	Sanitation	(non-major) Building Code Enforcement	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 3,779,192	\$ (384,975)	\$ (51,833)	\$ (35,944)	\$ 3,306,440	\$ 1,549,117
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,914,543	548,953	450	18,429	2,482,375	2,586,982
(Increase) decrease in inventory and prepaids	10,891	-	-	-	10,891	-
(Increase) decrease in accounts receivable	(47,644)	16,383	50,260	-	18,999	4,530
(Increase) decrease in leases receivable	58,334	-	-	-	58,334	-
Increase (decrease) in lease related deferred inflows	(72,843)	-	-	-	(72,843)	-
(Increase) decrease in amounts due from other governments	-	-	-	9,576	9,576	(11,405)
Increase (decrease) in accounts payable	134,326	20,644	(136,839)	6,955	25,086	370,247
Increase (decrease) in compensated absences	25,951	2,597	-	8,299	36,847	31,665
Increase (decrease) in amounts due to other governments	(8,294)	-	-	-	(8,294)	-
Increase (decrease) in customer deposits	23,446	-	-	-	23,446	48,180
(Increase) decrease in OPEB related deferred outflows	1,829	425	-	346	2,600	3,883
Increase (decrease) in the total OPEB liability	(6,997)	(1,788)	-	(1,329)	(10,114)	8,194
Increase (decrease) in OPEB related deferred inflows	5,238	802	-	984	7,024	(2,058)
(Increase) decrease in pension related deferred outflows	152,667	106,026	1,745	22,573	283,011	(28,360)
Increase (decrease) in the net pension liability	(958,194)	(192,753)	(3,171)	(147,304)	(1,301,422)	(365,383)
(Increase) decrease in the net pension asset	(511,011)	-	-	(79,782)	(590,793)	-
Increase (decrease) in pension related deferred inflows	798,461	(1,280)	(21)	124,676	921,836	(19,559)
Increase (decrease) in unearned revenue and other	(90,605)	-	-	-	(90,605)	-
Net cash flows from operating activities	<u>\$ 5,209,290</u>	<u>\$ 115,034</u>	<u>\$ (139,409)</u>	<u>\$ (72,521)</u>	<u>\$ 5,112,394</u>	<u>\$ 4,176,033</u>

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2021

	Pension Trust Funds	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 478,118	\$ 866,209
Due from other governments	-	137,840
Accrued income	47,643	38,822
Investments at fair value	36,131,971	42,152,119
Total assets	36,657,732	43,194,990
LIABILITIES		
Accounts payable and accrued liabilities	10,900	-
Due to City	255,259	62,891
Total Liabilities	266,159	62,891
NET POSITION		
Restricted for pension benefits	\$ 36,391,573	\$ 43,132,099

See accompanying notes.

CITY OF ATLANTIC BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Pension Trust Funds	
	2022	2021
ADDITIONS		
Contributions:		
City	\$ 1,879,108	\$ 2,119,081
Plan members	259,658	255,665
State of Florida	144,821	274,267
Total contributions	<u>2,283,587</u>	<u>2,649,013</u>
Investment income	(6,449,213)	7,948,224
Less investment expenses:	<u>(167,816)</u>	<u>(160,383)</u>
Net investment income	<u>(6,617,029)</u>	<u>7,787,841</u>
Total additions	<u>(4,333,442)</u>	<u>10,436,854</u>
DEDUCTIONS		
Administrative expenses	86,955	65,266
Payments to retirees and participants	<u>2,320,129</u>	<u>2,123,162</u>
Total deductions	<u>2,407,084</u>	<u>2,188,428</u>
CHANGE IN NET POSITION	(6,740,526)	8,248,426
NET POSITION, beginning of year	<u>43,132,099</u>	<u>34,883,673</u>
NET POSITION, end of year	<u>\$ 36,391,573</u>	<u>\$ 43,132,099</u>

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The City reports the following major governmental funds:

- The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **American Rescue Plan Act (ARPA) Special Revenue Fund** is used to account for the receipt and expenditure of ARPA funding to support the City's recovery from the COVID-19 pandemic.
- The **Capital Projects Fund** is used to account for the financial resources to be used for the acquisition or construction of major capital facilities and improvement projects (other than those financed by proprietary funds or special revenue funds).

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

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

- **Special Revenue Funds**—The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- **Debt Service Fund** – The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.
- **Pension Trust Funds**—These funds account for the activities of the Employees’ Retirement System, which accumulates resources for pension benefit payments to qualified police officers and general employees.

Fund Balance Classification

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

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

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

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

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

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

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

Proprietary Funds

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

Budgets

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

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

Cash and Investments

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

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

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

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

Receivables

Receivables are recorded at their net realizable value.

Inter-Fund Receivables and Payables

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

Inventories

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

Restricted Assets

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

Use of Restricted Funds

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

Capital Assets

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

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

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

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

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

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

Long-Term Obligations

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

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

Compensated Absences

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

Deferred Inflows/Outflows of Resources

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

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

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

Lease related – represents the total unrecognized revenue to be received from the City’s antenna placement leases.

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

Revenue Recognition

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

Property Taxes

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

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

Inter-Fund Transactions

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

Prior Period Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Leases:

Lessee: The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements when the initial, individual value of the lease liability is \$1,000 or more. For the year ended September 30, 2022, the City reports no right-to-use lease assets or lease liabilities.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for several noncancellable antenna placement leases. The City recognizes a lease receivable and a deferred inflow of resources in the business-type activities and the enterprise fund financial statements.

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

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the stated interest rate in the lease agreement if available and if not, utilizes a high-quality municipal bond rate based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest to the date of lease commencement.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset, receivable, liability and/or deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability.

Implementation of New GASB Pronouncements

During the fiscal year ended September 30, 2022, the City implemented the provisions of GASB Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note 4 for more information on the effect of the implementation of this statement.

Future GASB Pronouncement Implementations

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

- **Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements.”**

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. This statement is effective for the 2023 fiscal year and is currently under review and the City will consider the impact, if any, upon financial reporting

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

The requirements of this Statement will improve financial reporting by establishing a definition for Subscription-Based Information Technology Arrangement (SBITA)s and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. This statement is effective for the 2023 fiscal year and is currently under review and the City will consider the impact, if any, upon financial reporting.

- **Statement No. 101, “Compensated Absences.”**

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the 2025 fiscal year and will be evaluated in the future closer to the implementation period.

NOTE 2 – CASH AND INVESTMENTS

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

On September 30, 2022, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits was \$12,165,631, and the related bank balance was \$12,686,947. Monies which are placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit are defined as public deposits. All of the City's public deposits are held in qualified public depositories pursuant to Florida Statutes Chapter 280, Florida Security for Public Deposits Act (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledged level. The pledging level may range from 25% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution.

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

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

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

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

Following are the investments, credit ratings, and maturities of the City’s governmental and business-type activities on September 30, 2022:

Investment Type	Investment Maturities					Total
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Accrued interest	\$ 144,544	\$ 144,544	\$ -	\$ -	\$ -	144,544
Money market funds / cash	128,923	128,923	-	-	-	128,923
Corporate bonds	9,080,399	951,575	8,058,527	70,297	-	9,080,399
U.S. Treasury Obligations and Federal Agency Securities	15,183,419	969,513	14,213,906	-	-	15,183,419
Florida PRIME	24,773	24,773	-	-	-	24,773
Total	\$ 24,562,058	\$ 2,219,328	\$ 22,272,433	\$ 70,297	\$ -	\$ 24,562,058

The Florida PRIME component of the cash and investments is an investment in an investment pool administered by the State Board of Administration, under the regulatory oversight of the State of Florida. Florida PRIME meets all the necessary criteria to report their investments at amortized cost in accordance with GASB Cod. Sec. In5. As of September 30, 2022, there were no redemption fees, maximum transaction amounts or any other requirements that service to limit the City’s access to one hundred percent of their account value. The fair value of the City’s position in the pool in the same as the value of the pool shares.

The City’s fixed income investment balances as of on September 30, 2022, are comprised of the following items:

Investment Type	Moody's Credit Rating	Percentage of Total Fixed Income Investments
Corporate Bonds	Aaa	0.46%
Corporate Bonds	Aa2	0.76%
Corporate Bonds	Aa3	0.74%
Corporate Bonds	A1	5.37%
Corporate Bonds	A2	6.91%
Corporate Bonds	A3	5.58%
Corporate Bonds	Baa1	6.91%
Corporate Bonds	Baa2	4.91%
Corporate Bonds	Baa3	0.80%
Corporate Bonds	BBB-	0.00%
Corporate Bonds	Not Rated	5.04%
U.S. Treasury Obligations and Federal Agency Securities	Aaa	56.29%
U.S. Treasury Obligations and Federal Agency Securities	Not Rated	6.23%
		100.00%

CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Listed below are the investments, credit ratings and maturities in the City’s pension trust funds on September 30, 2022:

General Employees’ Pension Plan:

Investment Type	Investment Maturities					Total
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Money market funds / cash	\$ 595,628	\$ 595,628	\$ -	\$ -	\$ -	\$ 595,628
Corporate bonds	2,174,449	70,019	1,878,417	226,013	-	2,174,449
U.S. Treasury Obligations and Federal Agency Securities	3,120,651	629,759	1,751,248	450,301	289,343	3,120,651
Total	\$ 5,890,728	\$ 1,295,406	\$ 3,629,665	\$ 676,314	\$ 289,343	\$ 5,890,728

Police Officers Pension Plan:

Investment Type	Investment Maturities					Total
	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Money market funds / cash	\$ 449,722	\$ 449,722	\$ -	\$ -	\$ -	\$ 449,722
Corporate bonds	1,318,546	41,437	978,863	298,246	-	1,318,546
U.S. Treasury Obligations and Federal Agency Securities	1,902,131	376,670	1,071,746	279,757	173,958	1,902,131
Total	\$ 3,670,399	\$ 867,829	\$ 2,050,609	\$ 578,003	\$ 173,958	\$ 3,670,399

The City’s pension trust fund fixed income investment balances as of September 30, 2022, are comprised of the following items:

General Employees’ Pension Plan:

Investment Type	Moody's Credit Rating	Percentage of Total Fixed Income Investments
Corporate Bonds	Aaa	2.98%
Corporate Bonds	Aa2	0.00%
Corporate Bonds	A1	4.99%
Corporate Bonds	A2	7.44%
Corporate Bonds	A3	3.84%
Corporate Bonds	Baa1	2.40%
Corporate Bonds	Baa2	10.21%
Corporate Bonds	Baa3	9.20%
U.S. Treasury Obligations and Federal Agency Securities	AAA	49.00%
U.S. Treasury Obligations and Federal Agency Securities	Not Rated	9.94%
		100.00%

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

Police Officers Pension Plan:

Investment Type	Moody's Credit Rating	Percentage of Total Fixed Income Investments
Corporate Bonds	Aaa	2.91%
Corporate Bonds	Aa2	0.00%
Corporate Bonds	A1	5.05%
Corporate Bonds	A2	7.47%
Corporate Bonds	A3	3.80%
Corporate Bonds	Baa1	2.38%
Corporate Bonds	Baa2	10.19%
Corporate Bonds	Baa3	9.14%
U.S. Treasury Obligations and Federal Agency Securities	AAA	49.06%
U.S. Treasury Obligations and Federal Agency Securities	Not Rated	10.00%
		100.00%

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS (concluded)

Fair Value Measurements

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

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

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

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

The fair value measurements for the City’s investments are as follows on September 30, 2022:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
City Investments:				
Accrued interest	\$ 144,544	\$ 144,544	\$ -	\$ -
Money Markets	153,696	153,696	-	-
Corporate Bonds	9,080,399	-	9,080,399	-
U.S. Treasury Obligations and Federal Agency Securities	15,183,419	-	15,183,419	-
Subtotal - City Investments	<u>24,562,058</u>	<u>298,240</u>	<u>24,263,818</u>	<u>-</u>
General Employees' Pension Plan:				
Money Markets	595,628	595,628	-	-
Corporate Bonds	2,174,449	-	2,174,449	-
U.S. Treasury Obligations and Federal Agency Securities	3,120,651	-	3,120,651	-
Mutual Funds - Equities	2,636,675	2,636,675	-	-
ETFs	3,307,481	3,307,481	-	-
Equities	10,443,667	10,443,667	-	-
Subtotal - General Employees' Pension Plan	<u>22,278,551</u>	<u>16,983,451</u>	<u>5,295,100</u>	<u>-</u>
Police Officers' Pension Plan:				
Money Markets	449,722	449,722	-	-
Corporate Bonds	1,318,546	-	1,318,546	-
U.S. Treasury Obligations and Federal Agency Securities	1,902,131	-	1,902,131	-
Mutual Funds - Fixed Income	-	-	-	-
Mutual Funds - Equities	1,618,801	1,618,801	-	-
ETFs	2,023,257	2,023,257	-	-
Equities	6,411,576	6,411,576	-	-
ICMA Self Directed	129,387	129,387	-	-
Subtotal - Police Officers' Pension Plan	<u>13,853,420</u>	<u>10,632,743</u>	<u>3,220,677</u>	<u>-</u>
Total Investments Measured at Fair Value	<u>\$ 60,694,029</u>	<u>\$ 27,914,434</u>	<u>\$ 32,779,595</u>	<u>\$ -</u>

NOTE 3 – RECEIVABLES

Receivables, net of the allowance for doubtful accounts on September 30, 2022, consist of the following:

Fund	Total Accounts Receivable	Less Allowance for Doubtful Accounts	Accounts Receivable Net
General Fund	\$ 1,077	\$ -	\$ 1,077
Utility Fund	1,241,665	(537,300)	704,365
Stormwater Fund	74,173	(35,928)	38,245
Sanitation Fund	140,939	(100,110)	40,829
Total	\$ 1,457,854	\$ (673,338)	\$ 784,516

Included in accounts receivable are \$318,579 of water and sewer revenues earned, but not billed as of September 30, 2022.

NOTE 4 – LEASES

Lease Receivable – In 2022, the City implemented GASB Statement No. 87, Leases and as a result identified one reportable lease receivables related to antenna lease agreements originally executed in 2005. The lease term includes an initial 5-year period with the option of 5 separate 5-year renewal periods thereafter. The lease term ends in 2035 and the lease payments are increased by 3.3% each year.

The City also entered into a new antenna placement lease during 2022 whose lease term includes an initial term of 5 years with the option of 4 5-year renewal periods thereafter ending in 2046. The lease payments are increased by 2% each year.

The City recognized \$75,934 in lease revenue and \$13,842 of interest revenue during the fiscal year related to these two leases. On September 30, 2022, the City’s receivable for lease payments was \$981,427 and reported in the City’s utility enterprise fund. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. On September 30, 2022, the balance of the deferred inflow of resources was \$966,919.

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CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

	Balance October 1, 2021	Transfers	Increases	Decreases	Balance September 30, 2022
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 11,913,572	\$ -	\$ 177,223	\$ -	\$ 12,090,795
Construction in process	556,587	(8,481)	1,141,406	-	1,689,512
Total capital assets, not being depreciated	<u>12,470,159</u>	<u>(8,481)</u>	<u>1,318,629</u>	<u>-</u>	<u>13,780,307</u>
Capital assets, being depreciated:					
Buildings	9,673,984	-	136,896	-	9,810,880
Intangible assets	525,445	-	-	-	525,445
Improvements other than buildings	42,851,459	8,481	838,223	(868)	43,697,295
Machinery and equipment	6,762,548	-	585,163	(64,972)	7,282,739
Total capital assets, being depreciated	<u>59,813,436</u>	<u>8,481</u>	<u>1,560,282</u>	<u>(65,840)</u>	<u>61,316,359</u>
Less accumulated depreciation for:					
Buildings	(2,918,700)	-	(180,733)	-	(3,099,433)
Intangible assets	(438,760)	-	(15,802)	-	(454,562)
Improvements other than buildings	(19,114,375)	-	(730,160)	-	(19,844,535)
Machinery and equipment	(5,612,968)	-	(676,607)	64,972	(6,224,603)
Total accumulated depreciation	<u>(28,084,803)</u>	<u>-</u>	<u>(1,603,302)</u>	<u>64,972</u>	<u>(29,623,133)</u>
Total capital assets being depreciated, net	<u>31,728,633</u>	<u>8,481</u>	<u>(43,020)</u>	<u>(868)</u>	<u>31,693,226</u>
Governmental activities capital assets, net	<u>\$ 44,198,792</u>	<u>\$ -</u>	<u>\$ 1,275,609</u>	<u>\$ (868)</u>	<u>\$ 45,473,533</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,656,018	\$ -	\$ -	\$ -	\$ 1,656,018
Construction-in-progress	700,693	-	857,279	(92,405)	1,465,567
Total capital assets, not being depreciated	<u>2,356,711</u>	<u>-</u>	<u>857,279</u>	<u>(92,405)</u>	<u>3,121,585</u>
Capital assets, being depreciated:					
Buildings	4,354,563	-	-	-	4,354,563
Intangible assets	244,709	-	-	-	244,709
Improvements other than buildings	87,281,977	-	254,800	-	87,536,777
Machinery and equipment	3,895,498	-	221,234	-	4,116,732
Total capital assets, being depreciated	<u>95,776,747</u>	<u>-</u>	<u>476,034</u>	<u>-</u>	<u>96,252,781</u>
Less accumulated depreciation for:					
Buildings	(4,334,061)	-	(4,892)	-	(4,338,953)
Intangible assets	(31,614)	-	(190)	-	(31,804)
Improvements other than buildings	(56,764,533)	-	(2,144,052)	-	(58,908,585)
Machinery and equipment	(3,006,782)	-	(333,241)	-	(3,340,023)
Total accumulated depreciation	<u>(64,136,990)</u>	<u>-</u>	<u>(2,482,375)</u>	<u>-</u>	<u>(66,619,365)</u>
Total capital assets being depreciated, net	<u>31,639,757</u>	<u>-</u>	<u>(2,006,341)</u>	<u>-</u>	<u>29,633,416</u>
Business-type activities capital assets, net	<u>\$ 33,996,468</u>	<u>\$ -</u>	<u>\$ (1,149,062)</u>	<u>\$ (92,405)</u>	<u>\$ 32,755,001</u>

NOTE 5 – CAPITAL ASSETS (concluded)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$	187,233
Public safety		487,762
Transportation		587,540
Parks and recreation		<u>340,767</u>
Total depreciation expense - governmental activities	\$	<u>1,603,302</u>

Business-type Activities:

Utility	\$	1,914,543
Stormwater		548,953
Sanitation		450
Building Code Enforcement		<u>18,429</u>
Total depreciation expense - business-type activities	\$	<u>2,482,375</u>

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**CITY OF ATLANTIC BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 6 – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations of the City for the year ended September 30, 2022:

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
Capital Improvement Revenue Bond, Series 2018	\$ 1,255,000	\$ -	\$ (80,000)	\$ 1,175,000	\$ 80,000
Total long-term debt	<u>1,255,000</u>	<u>-</u>	<u>(80,000)</u>	<u>1,175,000</u>	<u>80,000</u>
Other liabilities:					
OPEB obligation	291,198	-	(7,282)	283,916	-
Net pension liability	4,592,057	-	(4,592,057)	-	-
Compensated absences	998,564	7,455	-	1,006,019	193,015
Total other liabilities	<u>5,881,819</u>	<u>7,455</u>	<u>(4,599,339)</u>	<u>1,289,935</u>	<u>193,015</u>
Total long-term obligations	<u>\$ 7,136,819</u>	<u>\$ 7,455</u>	<u>\$ (4,679,339)</u>	<u>2,464,935</u>	<u>\$ 273,015</u>
Less amounts due in one year				<u>(273,015)</u>	
Total noncurrent obligations due in more than one year				<u>\$ 2,191,920</u>	
Business-type Activities:					
Long-term debt:					
Utility System Revenue Refunding Bond, Series 2014	\$ 6,805,000	\$ -	\$ (1,300,000)	\$ 5,505,000	\$ 1,330,000
Refunding Bank Loan Series 2021	5,193,000	-	(437,000)	4,756,000	447,000
Vehicle Note Payable - 2018	70,856	-	(70,856)	-	-
Total bonds and notes payable	<u>12,068,856</u>	<u>-</u>	<u>(1,807,856)</u>	<u>10,261,000</u>	<u>1,777,000</u>
Other liabilities:					
OPEB obligation	118,157	-	(10,114)	108,043	-
Net pension liability	1,301,422	-	(1,301,422)	-	-
Compensated absences	338,008	26,171	-	364,179	61,578
Total other liabilities	<u>1,757,587</u>	<u>26,171</u>	<u>(1,311,536)</u>	<u>472,222</u>	<u>61,578</u>
Total long-term liabilities	<u>\$ 13,826,443</u>	<u>\$ 26,171</u>	<u>\$ (3,119,392)</u>	<u>10,733,222</u>	<u>\$ 1,838,578</u>
Less amounts due in one year				<u>(1,838,578)</u>	
Net long-term liabilities in excess of one year				<u>\$ 8,894,644</u>	

Notes to the Long-Term Obligations Table:

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

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

Governmental Activities:

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

NOTE 6 – LONG-TERM OBLIGATIONS (cont...)

Notes to the Long-Term Obligations Table:

Business-type Activities

- Utilities System Revenue Refunding Bond, Series 2014, Payable in Annual Installments of Principal and Semiannual Installments of Interest Through October 1, 2025, Bearing Coupon Rates of 2.330%, Secured Solely by a Pledge of and Lien on Net Water and Sewer System Revenues and Certain Other Revenues as Defined in the Bond Ordinance.
- Refunding Bank Loan Series 2021 was issued on May 17, 2021 in the amount of \$5,193,000 to refund the FDEP loans #DW160710 and #WW160700. The FDEP loans were originally used for water and wastewater system improvements. The Refunding Bank Loan Series 2021 is payable in semiannual installments of principal and interest through May 15, 2032 with an effective interest rate of 1.69% and is secured solely by a pledge of net water and sewer system revenues, after payment of all yearly payment obligations on account of the senior revenue obligations, as defined in the loan agreement.
- Vehicle Note Payable – 2018 - The City entered into a lease agreement for financing the acquisition of a Vac-Con Vacuum Truck. Payments including principal and interest were due each September 1, until 2022 at an interest rate of 3.98%.

Notes to the Long-Term Obligations Table:

The annual requirements to amortize all revenue bonds and loans payable outstanding on September 30, 2022, are as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 80,000	\$ 40,293	\$ 1,777,000	\$ 191,403
2024	85,000	37,364	1,815,000	152,464
2025	85,000	34,346	1,851,000	112,696
2026	90,000	31,240	1,895,000	72,057
2027	90,000	28,045	478,000	47,463
2028-2032	510,000	88,218	2,445,000	113,084
2033-2037	235,000	8,431	-	-
Total	<u>\$ 1,175,000</u>	<u>\$ 267,937</u>	<u>\$ 10,261,000</u>	<u>\$ 689,167</u>

Interest and amortization incurred during the year ended September 30, 2022, amounted to \$493,516. Of the amount incurred, no interest was capitalized.

The City is also required to maintain certain debt service coverage ratios in accordance with bond resolutions. As of September 30, 2022, and during the year then ended, the City was in compliance with those ratios.

NOTE 6 – LONG-TERM OBLIGATIONS (concluded)

Pledged Revenue

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2022. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in the current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, and the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2022:

Description	Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Net Revenue	Percentage of Net Revenues to Principal and Interest Paid
2014 - Utility System Refunding Bonds	Utility Net Revenues	2026	\$ 5,765,203	\$ 1,443,411	\$ 5,281,028	
Refunding Bank Loan, Series 2021	Utility Net Revenues	2032	5,184,964	522,577	5,281,028	
Total			<u>\$ 10,950,167</u>	<u>\$ 1,965,988</u>	<u>\$ 5,281,028</u>	<u>268.62%</u>

Remedies in the Event of Default

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

Conduit Debt

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

There is no obligation on the part of the City or any political subdivision for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2022, there are two series of Health Facility Revenue and Refunding Bonds outstanding, with an aggregate principal amount payable of \$121,020,000.

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NOTE 7 – DEFINED BENEFIT PENSION PLANS

Plan Descriptions

The City maintains two separate single employer defined benefit pension plans, one for police officers and one for general employees, which cover substantially all full-time City employees hired before September 1, 2008. The general employees’ defined benefit plan is closed to new entrants. Full-time general employees hired on or after September 1, 2008, are covered by the defined contribution plan disclosed in Note 8. The pension plans do not issue separate stand-alone financial statements. Combining statements are included below in NOTE 7 of the notes to financials statements. As of, and for the year ended September 30, 2022, the two plans have the following balances reported in the government-wide financials statements:

	Total Pension Liability	Net pension liability (asset)	Deferred outflows of resources	Deferred inflows of resources	Pension expense (benefit)
Retirement Plan					
General Employees'	24,901,187	(1,595,649)	1,169,070	2,513,091	(497,005)
Police Officers'	16,284,898	(350,365)	973,023	1,810,203	(75,000)
	<u>\$ 41,186,085</u>	<u>\$ (1,946,014)</u>	<u>\$ 2,142,093</u>	<u>\$ 4,323,294</u>	<u>\$ (572,005)</u>

Detailed disclosures for each plan follow.

General Employees’ Retirement Plan

Plan Description

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

	September 30 2021	September 30 2020
Inactive plan members or beneficiaries currently receiving benefits	81	80
Inactive plan members entitled to but not yet receiving benefits	5	6
Active plan members	22	23
Total	<u>108</u>	<u>109</u>

Plan Benefits

Normal retirement is available upon the attainment of age sixty and the completion of five years of credited service. Early retirement is available with a reduced benefit upon the attainment of age fifty-five and the completion of five years of credited service. For members hired before April 24, 2005, the normal retirement benefit shall equal 2.85% of average final compensation for each year of credited service. For members hired on or after April 24, 2005, the normal retirement benefit shall equal 2.50% of average final compensation for each year of credited service. The Plan includes a deferred retirement option program (DROP) under which members eligible for normal retirement may have their monthly pension benefit credited to an account while continuing to be actively employed for up to five years. As of September 30, 2022, Plan net position included \$442,948 of DROP account balances.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

Contributions

The City is required to contribute at an actuarially determined rate (80.6%) of covered payroll for the year ended September 30, 2022. City contributions to the Plan were \$1,099,884 for the year ended September 30, 2022. Plan members are required to contribute 6.0% of their annual covered salary. Contribution requirements are established by City code, which may be amended by the City Commission.

Measurement Date

The City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2021, one year prior to the reporting date. The City’s Pension Plans do not issue separate financial statements. Therefore, the disclosures required for the Plan as of September 30, 2022, are also included below.

Net Pension Liability

The components of the changes in the net pension liability for the Plan for the year ended September 30, 2022 (September 30, 2021 measurement date) is shown below:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2021	\$ 24,665,518	\$ 21,719,136	\$ 2,946,382
Changes for the year:			
Service cost	244,995	-	244,995
Interest	1,633,199	-	1,633,199
Difference between actual and expected experience	207,558	-	207,558
Change in assumptions	(420,148)	-	(420,148)
Contributions - City	-	1,248,604	(1,248,604)
Contributions - employee	-	87,209	(87,209)
Net investment income	-	4,891,453	(4,891,453)
Benefit payments, including refunds of employee contributions	(1,429,935)	(1,429,935)	-
Administrative expense	-	(19,631)	19,631
Net changes	235,669	4,777,700	(4,542,031)
Reporting period ending 9/30/2022	<u>\$ 24,901,187</u>	<u>\$ 26,496,836</u>	<u>\$ (1,595,649)</u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

The components of the net pension liability (asset) for the Plan as of the September 30, 2022 measurement date were as follows:

Total pension liability	\$ 25,540,642
Plan fiduciary net position	<u>(22,047,291)</u>
Net pension liability (asset)	<u>\$ 3,493,351</u>
Plan fiduciary net position as a percentage of the total pension liability	86%

For the year ended September 30, 2022, the City recognized a total negative pension expense of -\$497,005. The City reported deferred outflows of resources and deferred inflows of resources related to the General Employees' Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,186	\$ -
Change in assumptions	-	140,049
Difference between projected and actual earnings on Plan investments	-	2,373,042
City contributions subsequent to the measurement date	<u>1,099,884</u>	<u>-</u>
Total	<u>\$ 1,169,070</u>	<u>\$ 2,513,091</u>

Contributions made after the measurement date (shown above) will be recognized as a reduction of net pension liability (or increase in the net pension asset) in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2023	\$ (628,896)
2024	(492,908)
2025	(636,328)
2026	<u>(685,773)</u>
	<u>\$ (2,443,905)</u>

Plan Investments

The Retirement Plan Board is responsible for establishing and amending the Plan's investment policies. The Plan's current investment policy gives the Board discretion to allocate assets with assistance of the Plan's investment consultant. No formal targets are stated in the investment policy although the maximum allocation to international equities is 25%. The money-weighted rate of return on Plan investments, net of investment related expenses, was -16.01% and 23.65% for the years ended September 30, 2022 and 2021, respectively.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

Actuarial Assumptions

The total pension liability was determined by actuarial valuations for the Plan as of October 1, 2020, rolled forward to the measurement date of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Salary Increases:	Age based ranging from 4.80% to 9.50% (including 2.50% price inflation).
Investment Rate of Return:	6.75% per year compounded annually, net of investment expenses.
Mortality:	Pub-2010 Headcount-Weighted Mortality Tables are used with mortality improvements projected for nondisabled lives to all future years using Scale MP-2018.
Date of Experience Study:	Dated August 9, 2017 for the period October 1, 2009 to September 30, 2016

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Net Rate of Return</u>
Large Cap Equity	33%	5.82%
Small/Mid Cap Equity	10%	5.54%
International Equities	15%	4.51%
Fixed Income (70% core/30% Short-term)	30%	1.25%
Alternatives (50% REITS/50% MLPS)	6%	4.19%
Cash and Equivalents	6%	0.74%

Discount Rate

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate noted below, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for both the measurement date of September 30, 2021 and the financial reporting date of September 30, 2022.

As of September,	Current Discount Rate	1% Decrease	Current Rate	1% Increase
9/30/2021	6.75%	\$ 948,369	\$ (1,595,649)	\$ (3,783,906)
9/30/2022	6.75%	\$ 6,031,093	\$ 3,493,351	\$ 1,307,277

Police Officers' Retirement Plan

Plan Description

The Police Officers' Retirement Plan (the Police Plan) provides retirement, disability, and death benefits to Police Plan members and their beneficiaries. The Police Plan is governed by the Policemen's Pension Board of Trustees, although the City Commission retains the authority to establish and amend the benefit provisions of the Police Plan. The Policemen's Pension Board of Trustees is appointed by the City Commission and comprised of five members, two of which will be eligible legal residents of the City, two of which will be police officers elected by the majority of police officers who are members of the Police Plan, and one of which will be elected by the other four trustees. Membership in the Police Officers' Retirement Plan as of the September 30, 2021 and 2020 measurement dates (latest actuarial data available), were as follows:

	September 30 2021	September 30 2020
Inactive plan members or beneficiaries currently receiving benefits	22	22
Inactive plan members entitled to but not yet receiving benefits	4	3
Active plan members	27	24
Total	53	49

Plan Benefits

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

For members hired before January 1, 2013, the normal retirement benefit shall equal 3.00% of average final compensation for each year of credited service. For members hired on or after January 1, 2013, the normal retirement benefit shall equal 2.00% of average final compensation for each year of credited service. The Police Plan includes a DROP under which members eligible for normal retirement may have their monthly pension benefit credited to an account while continuing to be actively employed for up to five years. As of September 30, 2022, Police Plan net position included \$129,387 of DROP account balances.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

Contributions

The City is required to contribute, at actuarially determined rate (41.6%) of covered payroll for the year ended September 30, 2022. The City may use State contributions to offset this required contribution. City and State contributions to the Police Plan were \$924,045 for the year ended September 30, 2022. Police Plan members are required to contribute 8.0% of their annual covered salary. Per City Code, the City Commission may amend established contribution requirements.

Measurement Date

The City elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2021, one year prior to the reporting date. The City’s Pension Plans do not issue separate financial statements. Therefore, the disclosures required for the Plan as of September 30, 2022, are also included below.

Net Pension Liability

The components of the changes in the net pension liability for the Police Plan for the year ended September 30, 2022 (September 30, 2021 measurement date) is shown below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Reporting period ending 9/30/2021	\$ 16,100,283	\$ 13,153,186	\$ 2,947,097
Changes for the year:			
Service cost	396,817	-	396,817
Interest	1,090,158	-	1,090,158
Difference between actual and expected experience	(130,811)	-	(130,811)
Changes of assumptions	(478,322)	-	(478,322)
Contributions - City	-	870,477	(870,477)
Contributions - State	-	274,267	(274,267)
Contributions - employee	-	168,456	(168,456)
Net investment income	-	2,896,388	(2,896,388)
Benefit payments, including refunds of employee contributions	(693,227)	(693,227)	-
Administrative expense	-	(34,284)	34,284
Net changes	184,615	3,482,077	(3,297,462)
Reporting period ending 9/30/2022	\$ 16,284,898	\$ 16,635,263	\$ (350,365)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

The components of the net pension liability (asset) for the Police Plan as of the September 30, 2022 measurement date were as follows:

Total pension liability	\$ 17,179,024
Plan fiduciary net position	<u>(14,344,282)</u>
Net pension liability (asset)	<u>\$ 2,834,742</u>

Plan fiduciary net position as a percentage of the total pension liability 83%

For the year ended September 30, 2022, the City recognized total negative pension expense of -\$75,000. The City reported deferred outflows of resources and deferred inflows of resources related to the General Employees' Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,978	\$ 159,892
Change in assumptions	-	341,659
Net difference between projected and actual earnings on Plan investments	-	1,308,652
City contributions subsequent to the measurement date	<u>924,045</u>	<u>-</u>
Total	<u>\$ 973,023</u>	<u>\$ 1,810,203</u>

Contributions made after the measurement date (shown above) will be recognized as a reduction of net pension liability (or increase in the net pension asset) in the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	Amount
2023	\$ (503,577)
2024	(421,058)
2025	(438,831)
2026	<u>(397,759)</u>
	<u>\$ (1,761,225)</u>

Plan Investments

The Policemen's Pension Board of Trustees is responsible for establishing and amending the Police Plan's investment policies. The Police Plan's current investment policy gives the Board discretion to allocate assets with assistance of the Police Plan's investment consultant. No formal targets are stated in the investment policy although the maximum allocation to international equities is 25%. The money-weighted rate of return on Plan investments, net of investment related expenses, was -14.98% and 23.67% for the years ended September 30, 2022 and 2021, respectively.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

Actuarial Assumptions

The total pension liability was determined by actuarial valuations for the Plan as of October 1, 2020, rolled forward to September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Salary Increases:	Age based ranging from 4.80% to 18.50% (including 2.50% price inflation.
Investment Rate of Return:	6.75% per year compounded annually, net of investment expenses.
Mortality:	Pub-2010 Headcount-Weighted Mortality Tables are used with mortality improvements projected for nondisabled lives to all future years using Scale MP-2018.
Date of Experience Study:	Dated August 9, 2017 for the period October 1, 2009 to September 30, 2016

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Net Rate of Return</u>
Large Cap Equity	33%	5.82%
Small/Mid Cap Equity	10%	5.54%
International Equities	15%	4.51%
Fixed Income (70% core/30% Short-term)	30%	1.25%
Alternatives (50% REITS/50% MLPS)	6%	4.19%
Cash and Equivalents	6%	0.74%

Discount Rate

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS (cont...)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate noted below, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for both the measurement date of September 30, 2021 and the financial reporting date of September 30, 2022.

As of September,	Current Discount Rate	1% Decrease	Current Rate	1% Increase
9/30/2021	6.75%	\$ 1,543,538	\$ (350,365)	\$ (1,942,683)
9/30/2022	6.75%	\$ 4,809,571	\$ 2,834,742	\$ 1,174,390

The Statements of Fiduciary Net Position for the City's pension trust funds for the year ended September 30, 2022 were as follows:

	Pension Trust Funds			
	General Employees' Retirement Plan	Police Officers' Retirement Plan	2022 Totals	2021 Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 478,118	\$ 478,118	\$ 866,209
Due from other governments	-	-	-	137,840
Accrued income	29,599	18,044	47,643	38,822
Investments at fair value	22,278,551	13,853,420	36,131,971	42,152,119
Total assets	<u>22,308,150</u>	<u>14,349,582</u>	<u>36,657,732</u>	<u>43,194,990</u>
LIABILITIES				
Accounts payable and accrued liabilities	5,600	5,300	10,900	-
Due to City	255,259	-	255,259	62,891
Total Liabilities	<u>260,859</u>	<u>5,300</u>	<u>266,159</u>	<u>62,891</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 22,047,291</u>	<u>\$ 14,344,282</u>	<u>\$ 36,391,573</u>	<u>\$ 43,132,099</u>

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NOTE 7 – DEFINED BENEFIT PENSION PLANS (concluded)

The Statements of Changes in Fiduciary Net Position for the City’s pension trust funds for the year ended September 30, 2022 were as follows:

	Pension Trust Funds			
	General Employees' Retirement Plan	Police Officers' Retirement Plan	2022 Totals	2021 Totals
ADDITIONS				
Contributions:				
City	\$ 1,099,884	\$ 779,224	\$ 1,879,108	\$ 2,119,081
Plan members	81,830	177,828	259,658	255,665
State of Florida	-	144,821	144,821	274,267
Total contributions	<u>1,181,714</u>	<u>1,101,873</u>	<u>2,283,587</u>	<u>2,649,013</u>
Investment income	(3,976,990)	(2,472,223)	(6,449,213)	7,948,224
Less investment expenses:	<u>(104,493)</u>	<u>(63,323)</u>	<u>(167,816)</u>	<u>(160,383)</u>
Net investment income	<u>(4,081,483)</u>	<u>(2,535,546)</u>	<u>(6,617,029)</u>	<u>7,787,841</u>
Total additions	<u>(2,899,769)</u>	<u>(1,433,673)</u>	<u>(4,333,442)</u>	<u>10,436,854</u>
DEDUCTIONS				
Administrative expenses	45,210	41,745	86,955	65,266
Payments to retirees and participants	<u>1,504,566</u>	<u>815,563</u>	<u>2,320,129</u>	<u>2,123,162</u>
Total deductions	<u>1,549,776</u>	<u>857,308</u>	<u>2,407,084</u>	<u>2,188,428</u>
CHANGE IN NET POSITION	<u>(4,449,545)</u>	<u>(2,290,981)</u>	<u>(6,740,526)</u>	<u>8,248,426</u>
NET POSITION, beginning of year	<u>26,496,836</u>	<u>16,635,263</u>	<u>43,132,099</u>	<u>34,883,673</u>
NET POSITION, end of year	<u>\$ 22,047,291</u>	<u>\$ 14,344,282</u>	<u>\$ 36,391,573</u>	<u>\$ 43,132,099</u>

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NOTE 8 – DEFINED CONTRIBUTION PLAN

The City passed an ordinance in 2013 closing the General Employees’ defined benefit plan to new entrants and creating the City of Atlantic Beach Defined Contribution Plan. The City’s 457 defined contribution plan is administered through ICMA, which covers all eligible employees employed with the City on or after September 1, 2008, who are not covered by the City’s Police Officers’ defined benefit plan. Under the 457 Plan, the City contributes an employer matching contribution of up to 6% of earnings during the first ten years of service. Following ten years of service, the City contributes an additional fixed contribution of 4% of earnings for a total of 10%. Employees have the option to voluntarily contribute to the 457 Plan. Employer matching contributions from the City were \$160,110 and \$125,416 for the years ended September 30, 2022 and 2021, respectively. Under the 457 Plan, an employee is considered fully vested after 5 years of completed service.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Membership in the Plan consisted of the following, as of September 30, 2021, the measurement date of the latest actuarial valuation:

	September 30, 2021
Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	103
Total	<u>104</u>

Funding Policy

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

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont...)

Actuarial Methods and Assumptions

For the September 30, 2021 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. This method determines a service cost rate as a fixed percentage of compensation for each active participant. The current years' service cost is the participant's compensation multiplied by the service cost rate. Under this method, service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement.

Other actuarial assumptions are as follows:

Discount Rate: 2.19%

Investment Rate of Return: 0.0%

Salary Increases: Rates used in the October 1, 2021 actuarial valuation of the City's pension plans.

Healthcare Cost Trend: Based on Getzen Model, with trend of 6.25% for 2021, 8.00% for 2022 and 5.75% for 2023 then gradually decreasing to an ultimate trend rate of 3.75%.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 2.19% as of September 30, 2021, which is equal to the single rate of return developed pursuant to GASB 75. The discount rate used to determine the liabilities under GASB 75 depends on the City's funding policy. Since the City does not prefund benefits, the discount rate required to be used is based on the Fidelity 20-Year Municipal General Obligation AA Index. This index includes only federally tax-exempt municipal bonds and the yield curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.

Annual OPEB Cost and Net OPEB Obligation

The City's total OPEB liability was measured as of September 30, 2021 and was determined by an actuarial valuation as of September 30, 2021. Changes in the Total OPEB liability were as follows:

	Total OPEB Liability
Reporting period ending September 30, 2021	\$ 409,355
Changes for the year:	
Service cost	56,159
Interest	11,124
Differences between expected and actual experience	(20,135)
Changes of assumptions	(56,642)
Benefit payments	(7,902)
Net changes	(17,396)
Reporting period ending September 30, 2022	\$ 391,959

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont...)

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

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

	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 430,311	\$ 391,959	\$ 357,070

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 333,693	\$ 391,959	\$ 465,651

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$34,896. On September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 49,556	\$ 86,993
Differences between expected and actual experience	-	146,900
City contributions subsequent to the measurement date	11,158	-
Total	<u>\$ 60,714</u>	<u>\$ 233,893</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$11,158 resulting from estimated benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2023	\$ (32,387)
2024	(32,387)
2025	(32,384)
2026	(29,726)
2027	(27,449)
Thereafter	<u>(30,004)</u>
Total	<u>\$ (184,337)</u>

NOTE 10 – INTERFUND ACCOUNTS

Individual fund inter-fund receivables and payables on September 30, 2022, consist of the following:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 1,438,661	\$ -
Utility fund		586,446
Community Development Block Grants Fund	-	116,546
Local Option Gas Tax Fund		254,444
Police Grants Fund	-	52,858
Capital Projects Fund	-	44,067
Debt Service Fund	-	120,706
Court cost training fund	-	8,335
General Employees' Retirement Fund	-	255,259
	<u>\$ 1,438,661</u>	<u>\$ 1,438,661</u>

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

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NOTE 11 – INTERFUND TRANSFERS

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds. Following is a summary of inter-fund transfers for the year ended September 30, 2022:

	Transfer In:				
	General Fund	Capital Projects Fund	Debt Service Fund	Community Development Block Grant Fund	Stormwater Fund
Transfers Out:					
Utility Fund	\$ 833,911	\$ 536,051	\$ -	\$ -	\$ -
Local Option Gas Tax Fund	166,743	325,000	-	-	-
Sanitation Fund	339,584	-	-	-	-
ARPA Fund	1,024,759	1,196,224	-	-	139,533
Community Development					
Block Grant Fund	-	58,008	-	-	-
Stormwater Fund	-	477,000	-	-	-
Convention Development Tax Fund	-	184,635	123,133	-	-
Capital Projects Fund	-	-	-	216,667	-
Half-cent Sales Tax Fund	200,000	1,045,800	-	-	285,000
Total	\$ 2,564,997	\$ 3,822,718	\$ 123,133	\$ 216,667	\$ 424,533

Continued...

	Transfer In:			
	Utility Fund Fund	Sanitation Fund	Building Code Enforcement Fund	Total
Transfers Out:				
Utility Fund	\$ -	\$ -	\$ -	\$ 1,369,962
Local Option Gas Tax Fund	-	-	-	491,743
Sanitation Fund	-	-	-	339,584
ARPA Fund	2,144,251	1,407	113,241	4,619,415
Community Development				
Block Grant Fund	-	-	-	58,008
Stormwater Fund	-	-	-	477,000
Convention Development Tax Fund	-	-	-	307,768
Capital Projects Fund	-	-	-	216,667
Half-cent Sales Tax Fund	-	-	-	1,530,800
Total	\$ 2,144,251	\$ 1,407	\$ 113,241	\$ 9,410,947

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

NOTE 12 – COMMITMENTS

On June 2, 1999, the City entered into an agreement with the City of Jacksonville, Florida, whereas the City of Jacksonville will provide advanced life support and fire services to the residents and businesses located in the City. The term of the agreement shall be from the effective date and continuing for a period of 25 years unless terminated earlier by the parties (such parties must provide a one-year notice). For the year ended September 30, 2022, the City incurred \$1,311,731 in services under this agreement. The amount will be adjusted annually by an amount equal to 103% of the previous year's amount for all services provided by the City of Jacksonville.

NOTE 13 - CONTINGENCIES

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

NOTE 14 – RISK MANAGEMENT

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) see Note A	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 6,767,585	\$ 6,767,585	\$ 6,708,984	\$ (58,601)
Non-property taxes	1,189,108	1,189,108	1,300,872	111,764
Licenses and permits	925,700	925,700	1,097,637	171,937
Intergovernmental revenue	2,194,779	2,757,279	2,740,162	(17,117)
Charges for services	885,434	885,434	847,851	(37,583)
Fines and forfeitures	51,375	51,375	234,136	182,761
Investment earnings (loss)	200,000	200,000	(171,235)	(371,235)
Miscellaneous revenues	9,525	19,525	64,614	45,089
Interfund charges	1,732,675	1,732,675	1,823,088	90,413
Total revenues	13,956,181	14,528,681	14,646,109	117,428
EXPENDITURES				
City Administration:				
City Commission	57,044	57,044	47,640	9,404
City Clerk	360,987	373,622	317,345	56,277
City Attorney	150,000	190,000	177,594	12,406
City Manager	443,682	463,700	447,628	16,072
Human resources	249,257	259,483	457,749	(198,266)
Information technology	834,217	860,338	715,220	145,118
Finance	1,228,963	1,339,236	1,305,063	34,173
Total City administration	3,324,150	3,543,423	3,468,239	75,184
Planning and zoning	566,156	600,818	323,393	277,425
General government	1,089,241	1,075,739	781,471	294,268
Public safety:				
Police	5,381,720	5,767,558	5,460,814	306,744
Animal control	116,161	120,535	116,866	3,669
Fire control	1,803,239	2,385,648	1,631,477	754,171
Code enforcement	96,217	103,803	94,368	9,435
Total public safety	7,397,337	8,377,544	7,303,525	1,074,019

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CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) see Note A	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Administration and streets	1,851,132	1,993,719	1,509,315	484,404
Fleet maintenance	313,590	350,517	292,098	58,419
Total public works	<u>2,164,722</u>	<u>2,344,236</u>	<u>1,801,413</u>	<u>542,823</u>
Parks and recreation				
Recreation and special events	571,363	649,906	607,879	42,027
Parks maintenance	1,162,550	1,292,550	1,112,656	179,894
Total parks and recreation	<u>1,733,913</u>	<u>1,942,456</u>	<u>1,720,535</u>	<u>221,921</u>
Total expenditures	<u>16,275,519</u>	<u>17,884,216</u>	<u>15,398,576</u>	<u>2,485,640</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,319,338)</u>	<u>(3,355,535)</u>	<u>(752,467)</u>	<u>2,603,068</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Transfers in	2,294,338	2,564,997	2,564,997	-
Sale of general capital assets	25,000	25,000	-	(25,000)
Total other financing sources (uses)	<u>2,319,338</u>	<u>2,589,997</u>	<u>2,564,997</u>	<u>(25,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (765,538)</u>	<u>\$ 1,812,530</u>	<u>\$ 2,578,068</u>

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

Total revenue from the budgetary comparison schedule	\$ 14,646,109	
Differences - budget to GAAP:		
For GAAP, General Fund inter-fund charges are reported as a reduction in the applicable expenditure function rather than revenues.	(1,823,088)	(*)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances (page 16)	<u>\$ 12,823,021</u>	
Uses/outflows of resources		
Actual amounts (budgetary basis) "total charges to appropriations" from the Total expenditures from the budgetary comparison schedule	\$ 15,398,576	
Differences - budget to GAAP:		
For GAAP, General Fund inter-fund charges are reported as a reduction in the applicable expenditure function rather than revenues.	(1,823,088)	(*)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances (page 16)	<u>\$ 13,575,488</u>	
(*) - Interfund charges by Division		
City Manager	\$ 154,040	
Finance	965,248	
Public Works Admin	261,132	
Fleet and Equipment Maintenance	90,503	
Human Resources	58,195	
Information Technology	148,948	
Facility Maintenance	145,022	
	<u>\$ 1,823,088</u>	

Note A - Budgets and Budgetary Accounting

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

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

**CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – AMERICAN RESCUE
PLAN ACT SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis) see Note A	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 3,473,921	\$ 8,947,842	\$ 4,619,415	\$ (4,328,427)
Miscellaneous revenues	-	-	1	1
Total revenues	<u>3,473,921</u>	<u>8,947,842</u>	<u>4,619,416</u>	<u>(4,328,426)</u>
EXPENDITURES				
None	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>3,473,921</u>	<u>8,947,842</u>	<u>4,619,416</u>	<u>(4,328,426)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,456,048)	(4,619,415)	(4,619,415)	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>(3,456,048)</u>	<u>(4,619,415)</u>	<u>(4,619,415)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 17,873</u>	<u>\$ 4,328,427</u>	<u>\$ 1</u>	<u>\$ (4,328,426)</u>

CITY OF ATLANTIC BEACH, FLORIDA

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

City reporting period date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total pension liability					
Service cost	\$ 241,673	\$ 244,995	\$ 288,450	\$ 332,673	\$ 345,019
Interest	1,646,364	1,633,199	1,604,466	1,566,226	1,574,193
Change in assumptions	-	(420,148)	-	-	695,507
Difference between expected and actual experience	255,984	207,558	(44,031)	40,197	(473,189)
Benefit payments, including refunds of employee contributions	(1,504,566)	(1,429,935)	(1,329,553)	(1,327,161)	(1,501,456)
Employee buy-back	-	-	-	-	-
Net change in total pension liability	639,455	235,669	519,332	611,935	640,074
Total pension liability, beginning	<u>24,901,187</u>	<u>24,665,518</u>	<u>24,146,186</u>	<u>23,534,251</u>	<u>22,894,177</u>
Total pension liability, ending (a)	<u>\$ 25,540,642</u>	<u>\$ 24,901,187</u>	<u>\$ 24,665,518</u>	<u>\$ 24,146,186</u>	<u>\$ 23,534,251</u>
Plan fiduciary net position					
Contributions - City	\$ 1,099,884	\$ 1,248,604	\$ 1,362,952	\$ 1,424,479	\$ 1,332,119
Contributions - Employee	81,830	87,209	96,921	107,745	117,536
Net investment income (loss)	(4,081,483)	4,891,453	1,138,973	619,176	1,554,225
Benefit payments, including refunds Of employee contributions	(1,504,566)	(1,429,935)	(1,329,553)	(1,327,161)	(1,501,456)
Administrative expenses	(45,210)	(19,631)	(48,109)	(40,584)	(31,261)
Net change in plan fiduciary net position	(4,449,545)	4,777,700	1,221,184	783,655	1,471,163
Plan fiduciary net position, beginning	<u>26,496,836</u>	<u>21,719,136</u>	<u>20,497,952</u>	<u>19,714,297</u>	<u>18,243,134</u>
Plan fiduciary net position, ending (b)	<u>\$ 22,047,291</u>	<u>\$ 26,496,836</u>	<u>\$ 21,719,136</u>	<u>\$ 20,497,952</u>	<u>\$ 19,714,297</u>
Net pension liability (asset) (a)-(b)	<u>\$ 3,493,351</u>	<u>\$ (1,595,649)</u>	<u>\$ 2,946,382</u>	<u>\$ 3,648,234</u>	<u>\$ 3,819,954</u>
Plan fiduciary net position as a percentage of total pension liability	86.32%	106.41%	88.05%	84.89%	83.77%
Covered payroll	\$ 1,363,833	\$ 1,453,483	\$ 1,615,350	\$ 1,795,750	\$ 1,958,933
Net pension liability as a percentage of covered payroll	256.14%	-109.78%	182.40%	203.16%	195.00%

Continued...

CITY OF ATLANTIC BEACH, FLORIDA

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

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

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

Change of Assumptions:

For measurement date September 30, 2021:

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

For measurement date September 30, 2018:

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

CITY OF ATLANTIC BEACH, FLORIDA

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

City reporting period date	9/30/2023	9/30/2022	9/30/2021	9/29/2020	9/30/2019
Measurement date	9/30/2022	9/30/2021	9/29/2020	9/30/2019	9/30/2018
Total pension liability					
Service cost	\$ 414,067	\$ 396,817	\$ 369,089	\$ 332,419	\$ 329,254
Interest	1,099,655	1,090,158	1,034,146	1,026,422	1,016,983
Change in excess State money	-	-	-	-	(120,454)
Difference between expected and actual experience	195,967	(130,811)	103,400	(351,261)	(209,232)
Change of assumptions	-	(478,322)	-	-	454,983
Benefit payments, including refunds of employee contributions	(815,563)	(693,227)	(715,876)	(1,143,778)	(690,688)
Net change in total pension liability	894,126	184,615	790,759	(136,198)	780,846
Total pension liability, beginning	16,284,898	16,100,283	15,309,524	15,445,722	14,664,876
Total pension liability, ending (a)	\$ 17,179,024	\$ 16,284,898	\$ 16,100,283	\$ 15,309,524	\$ 15,445,722
Plan fiduciary net position					
Contributions - City	\$ 779,224	\$ 870,477	\$ 745,022	\$ 826,705	\$ 854,780
Contributions - State of Florida	144,821	274,267	132,844	-	236,772
Contributions - Employee	177,828	168,456	161,166	142,024	131,498
Net investment income (loss)	(2,535,548)	2,896,388	607,277	307,543	853,894
Benefit payments, including refunds of employee contributions	(815,563)	(693,227)	(715,876)	(1,143,777)	(690,688)
Administrative expenses	(41,743)	(34,284)	(35,623)	(38,763)	(25,152)
Other	-	-	-	-	-
Net change in plan fiduciary net position	(2,290,981)	3,482,077	894,810	93,732	1,361,104
Plan fiduciary net position, beginning	16,635,263	13,153,186	12,258,376	12,164,644	10,803,540
Plan fiduciary net position, ending (b)	\$ 14,344,282	\$ 16,635,263	\$ 13,153,186	\$ 12,258,376	\$ 12,164,644
Net pension liability (asset) (a)-(b)	\$ 2,834,742	\$ (350,365)	\$ 2,947,097	\$ 3,051,148	\$ 3,281,078
Plan fiduciary net position as a percentage of total pension liability	83.50%	102.15%	81.70%	80.07%	78.76%
Covered payroll	\$ 2,222,850	\$ 2,105,700	\$ 2,014,575	\$ 1,775,300	\$ 1,643,725
Net pension liability as a percentage of covered payroll	127.53%	-16.64%	146.29%	171.87%	199.61%

Continued...

CITY OF ATLANTIC BEACH, FLORIDA

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

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

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

Change of Assumptions:

For measurement date September 30, 2021:

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

For measurement date September 30, 2018:

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

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

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
General Employees' Plan					
2022	\$ 1,099,876	\$ 1,099,884	\$ 8	\$ 1,363,833	80.65%
2021	\$ 1,248,604	\$ 1,248,604	\$ -	\$ 1,453,483	85.90%
2020	\$ 1,355,973	\$ 1,362,952	\$ 6,979	\$ 1,615,350	84.38%
2019	\$ 1,424,479	\$ 1,424,479	\$ -	\$ 1,795,750	79.33%
2018	\$ 1,332,118	\$ 1,332,119	\$ 1	\$ 1,958,933	68.00%
2017	\$ 1,175,572	\$ 1,175,572	\$ -	\$ 2,067,067	56.87%
2016	\$ 1,112,344	\$ 1,112,344	\$ -	\$ 2,136,733	52.06%
2015	\$ 863,613	\$ 863,613	\$ -	\$ 2,269,850	38.05%
2014	\$ 950,980	\$ 950,980	\$ -	\$ 2,623,050	36.25%
Police Officers' Plan					
2022	\$ 579,249	\$ 924,045	\$ 344,796	\$ 2,222,850	41.57%
2021	\$ 668,499	\$ 1,144,744	\$ 476,245	\$ 2,105,700	54.36%
2020	\$ 668,090	\$ 877,866	\$ 209,776	\$ 2,014,575	43.58%
2019	\$ 826,705	\$ 826,705	\$ -	\$ 1,775,300	46.57%
2018	\$ 841,726	\$ 1,091,552	\$ 249,826	\$ 1,643,725	66.41%
2017	\$ 849,061	\$ 945,540	\$ 96,479	\$ 1,619,400	58.39%
2016	\$ 825,700	\$ 842,455	\$ 16,755	\$ 1,465,925	57.47%
2015	\$ 665,091	\$ 677,542	\$ 12,451	\$ 1,404,425	48.24%
2014	\$ 654,280	\$ 659,420	\$ 5,140	\$ 1,472,786	44.77%

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

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

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

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

- **Valuation Date:** October 1, 2020. Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are required.
- **Actuarial Cost Method:** Entry Age Normal Cost Method
- **Amortization Method:**
 - *General Employees' Plan* – Closed, Level Dollar Method
 - *Police Officers' Plan* - Closed, Level % of Pay Method
- **Remaining Amortization Period:**
 - *General Employees' Plan* – 10 Years.
 - *Police Officers' Plan* - 30 years.
- **Asset Valuation Method:** 4-year smoothed market value where the difference between the expected and actual return on market value of assets is phased in over a period of four years at a rate of 25% per year.
- **Inflation:**2.50%
- **Salary Increases:**
 - *General Employees Plan* – Age Based ranging from 4.8% to 9.5% (including 2.5% price inflation).
 - *Police Officers' Plan* – Age Based ranging from 4.5% to 18.5% (including 2.5% price inflation).
- **Payroll Growth:**
 - *General Employees Plan* – None
 - *Police Officers' Plan* – 3.50%
- **Investment Rate of Return:** 6.75% per year compounded annually, net of investment expenses, including inflation.
- **Retirement Age:** Experience-based table of rates (from Experience Study dated August 9, 2017 for the period October 1, 2009 to September 30, 2016) that vary by age.
- **Mortality:**
 - *General Employees' Plan* – Pub-2010 Headcount-Weighted Mortality Tables used by the Florida Retirement System for Regular Class members in their July 1, 2020 actuarial valuations with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.
 - *Police Officers' Plan* - Pub-2010 Headcount-Weighted Mortality Tables used by the Florida Retirement System for Special Risk Class members in their July 1, 2020 actuarial valuations with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.
 - *Previous Mortality Tables Used:* RP-2000 Combined Healthy Participant Mortality Table (for preretirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB.

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

	Year Ended September 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
General Employees' Plan								
Annual money-weighted rate of return net of investment expenses	-16.01%	23.65%	6.41%	4.04%	8.67%	10.92%	10.18%	1.10%
Police Officers' Plan								
Annual money-weighted rate of return net of investment expenses	-14.98%	23.67%	6.15%	4.38%	8.26%	10.80%	9.93%	0.53%

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

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

Reporting date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability					
Service cost	\$ 56,159	\$ 55,135	\$ 38,095	\$ 39,404	\$ 41,222
Interest	11,124	11,812	19,049	16,906	14,667
Difference between expected and actual experience	(20,135)	-	(203,632)	-	-
Changes in assumptions	(56,642)	(26,153)	78,146	(18,238)	(21,261)
Benefit payments	(7,902)	(11,666)	(21,386)	(23,456)	(22,404)
Net change in total OPEB Liability	(17,396)	29,128	(89,728)	14,616	12,224
Total OPEB Liability - beginning	409,355	380,227	469,955	455,339	443,115
Total OPEB Liability - ending	<u>\$ 391,959</u>	<u>\$ 409,355</u>	<u>\$ 380,227</u>	<u>\$ 469,955</u>	<u>\$ 455,339</u>
Covered-employee payroll	\$ 5,961,844	\$ 7,602,334	\$ 5,196,501	\$ 6,647,363	\$ 6,272,956
Total OPEB liability as a percentage of covered-employee payroll	6.57%	5.38%	7.32%	7.07%	7.26%

Notes to Schedule:

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

Changes in Assumptions:

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

Measurement Date	Discount Rate
September 30, 2021	2.19%
September 30, 2020	2.41%
September 30, 2019	2.75%
September 30, 2018	3.83%
September 30, 2017	3.50%
September 30, 2016	3.10%

Additional changes in assumptions for the following measurement dates:

- September 30, 2021
 - Per capita costs and premiums were updated based on information provided.
 - Long-term trend rates of healthcare increases were lowered from 3.99% to 3.75%.
- September 30, 2019
 - Per capita costs and premiums were updated based on information provided.
 - Assumed ultimate rate of inflation was revised from 2.5% to 2.25% and the healthcare cost trend assumption was revised to reflect this change.

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

SUPPLEMENTARY INFORMATION

CITY OF ATLANTIC BEACH, FLORIDA
 COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022						
	Special Revenue Funds						
	Tree Replacement	Local Option Gas Tax	Convention Development Tax	Half-Cent Sales Tax	Court Cost Training	Parking Facilities	Radio Communication
ASSETS							
Equity in pooled cash and investments	\$ 203,490	\$ -	\$ 48,025	\$ 590,647	\$ -	\$ 221,690	\$ 135,629
Receivables, net							
Intergovernmental and other	-	134,600	31,689	214,270	412	8,033	2,035
Prepaid expenditures	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 203,490</u>	<u>\$ 134,600</u>	<u>\$ 79,714</u>	<u>\$ 804,917</u>	<u>\$ 412</u>	<u>\$ 229,723</u>	<u>\$ 137,664</u>
LIABILITIES							
Accounts payable and accrued liabilities	-	-	-	17,820	1,754	-	-
Construction costs payable	-	-	-	4,212	-	-	-
Due to other funds	-	254,444	-	-	8,335	-	-
Deposits	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>254,444</u>	<u>-</u>	<u>22,032</u>	<u>10,089</u>	<u>-</u>	<u>-</u>
FUND BALANCE							
Nonspendable:							
Prepays	-	-	-	-	-	-	-
Restricted for:							
Public safety	-	-	-	-	-	-	137,664
Road maintenance and construction	-	-	-	782,885	-	-	-
Other capital projects	-	-	-	-	-	-	-
Other purposes	-	-	79,714	-	-	229,723	-
Committed to:							
Conservation and resource management	203,490	-	-	-	-	-	-
Unassigned	-	(119,844)	-	-	(9,677)	-	-
TOTAL FUND BALANCES	<u>203,490</u>	<u>(119,844)</u>	<u>79,714</u>	<u>782,885</u>	<u>(9,677)</u>	<u>229,723</u>	<u>137,664</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 203,490</u>	<u>\$ 134,600</u>	<u>\$ 79,714</u>	<u>\$ 804,917</u>	<u>\$ 412</u>	<u>\$ 229,723</u>	<u>\$ 137,664</u>

Continued...

CITY OF ATLANTIC BEACH, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (CONCLUDED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022						2021 Totals
	Special Revenue Funds				Debt Service	Totals Non-Major Governmental Funds	
	Contraband Revenue	Community Development Block Grants	Police Grants	Total Special Revenue Funds			
ASSETS							
Equity in pooled cash and investments	\$ 8,068	\$ 118,760	\$ 2,130	\$ 1,328,439	\$ -	\$ 1,328,439	\$ 4,325,779
Receivables, net							
Intergovernmental and other	-	100	52,858	443,997	-	443,997	321,864
Prepaid expenditures	-	-	-	-	100,856	100,856	-
TOTAL ASSETS	<u>\$ 8,068</u>	<u>\$ 118,860</u>	<u>\$ 54,988</u>	<u>\$ 1,772,436</u>	<u>\$ 100,856</u>	<u>\$ 1,873,292</u>	<u>\$ 4,647,643</u>
LIABILITIES							
Accounts payable and accrued liabilities	-	-	-	19,574	-	19,574	10,729
Construction costs payable	-	3,134	-	7,346	-	7,346	7,346
Due to other funds	-	116,546	52,858	432,183	120,706	552,889	488,329
Deposits	1,767	-	-	1,767	-	1,767	1,765
TOTAL LIABILITIES	<u>1,767</u>	<u>119,680</u>	<u>52,858</u>	<u>460,870</u>	<u>120,706</u>	<u>581,576</u>	<u>508,169</u>
FUND BALANCE							
Nonspendable:							
Prepays	-	-	-	-	100,856	100,856	-
Restricted for:							
Public safety	6,301	-	2,130	146,095	-	146,095	133,634
Road maintenance and construction	-	-	-	782,885	-	782,885	3,675,631
Other capital projects	-	-	-	-	-	-	257,189
Other purposes	-	-	-	309,437	-	309,437	315,693
Committed to:							
Conservation and resource management	-	-	-	203,490	-	203,490	116,072
Unassigned	-	(820)	-	(130,341)	(120,706)	(251,047)	(358,745)
TOTAL FUND BALANCES	<u>6,301</u>	<u>(820)</u>	<u>2,130</u>	<u>1,311,566</u>	<u>(19,850)</u>	<u>1,291,716</u>	<u>4,139,474</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 8,068</u>	<u>\$ 118,860</u>	<u>\$ 54,988</u>	<u>\$ 1,772,436</u>	<u>\$ 100,856</u>	<u>\$ 1,873,292</u>	<u>\$ 4,647,643</u>

CITY OF ATLANTIC BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022						
	Special Revenue Funds						
	Tree Replacement	Local Option Gas Tax	Convention Development Tax	Half-Cent Sales Tax	Court Cost Training	Parking Facilities	Radio Communication
REVENUES:							
Non-property taxes	\$ -	\$ 699,191	\$ 191,222	\$ 1,202,628	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	110,305	-
Fines and forfeitures	101,823	-	-	-	5,143	-	28,244
Investment earnings (loss)	-	(5,885)	(15)	20,849	602	-	(4,925)
Miscellaneous revenues	-	-	-	407	-	-	-
Total revenues	<u>101,823</u>	<u>693,306</u>	<u>191,207</u>	<u>1,223,884</u>	<u>5,745</u>	<u>110,305</u>	<u>23,319</u>
EXPENDITURES:							
General government	14,405	-	-	15,766	-	-	-
Public safety	-	-	-	-	25,979	-	-
Capital outlay	-	199,999	-	446,420	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>14,405</u>	<u>199,999</u>	<u>-</u>	<u>462,186</u>	<u>25,979</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>87,418</u>	<u>493,307</u>	<u>191,207</u>	<u>761,698</u>	<u>(20,234)</u>	<u>110,305</u>	<u>23,319</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	(491,743)	(307,768)	(1,530,800)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(491,743)</u>	<u>(307,768)</u>	<u>(1,530,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	87,418	1,564	(116,561)	(769,102)	(20,234)	110,305	23,319
FUND BALANCE, beginning of year	<u>116,072</u>	<u>(121,408)</u>	<u>196,275</u>	<u>1,551,987</u>	<u>10,557</u>	<u>119,418</u>	<u>114,345</u>
FUND BALANCE, end of year	<u>\$ 203,490</u>	<u>\$ (119,844)</u>	<u>\$ 79,714</u>	<u>\$ 782,885</u>	<u>\$ (9,677)</u>	<u>\$ 229,723</u>	<u>\$ 137,664</u>

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CITY OF ATLANTIC BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS (CONCLUDED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2022
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022						2021 Totals
	Special Revenue Funds					Totals Non-Major Governmental Funds	
	Contraband Revenue	Community Development Block Grants	Police Grants	Total Special Revenue Funds	Debt Service		
REVENUES:							
Non-property taxes	\$ -	\$ -	\$ -	\$ 2,093,041	\$ -	\$ 2,093,041	\$ 1,661,575
Intergovernmental revenue	-	58,008	52,858	110,866	-	110,866	-
Charges for services	-	-	-	110,305	-	110,305	66,595
Fines and forfeitures	-	-	-	135,210	-	135,210	32,978
Investment earnings (loss)	(238)	-	-	10,388	-	10,388	(17,254)
Miscellaneous revenues	-	-	2,069	2,476	-	2,476	40,890
Total revenues	(238)	58,008	54,927	2,462,286	-	2,462,286	1,784,784
EXPENDITURES:							
General government	-	-	-	30,171	-	30,171	2,550
Public safety	-	-	2,132	28,111	-	28,111	17,244
Capital outlay	-	-	52,858	699,277	-	699,277	250,525
Debt service	-	-	-	-	123,133	123,133	120,884
Total expenditures	-	-	54,990	757,559	123,133	880,692	732,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(238)	58,008	(63)	1,704,727	(123,133)	1,581,594	1,052,421
OTHER FINANCING SOURCES (USES)							
Transfers in	-	216,667	-	216,667	123,133	339,800	1,217,551
Transfers (out)	-	(58,008)	-	(2,388,319)	-	(2,388,319)	(1,215,395)
TOTAL OTHER FINANCING SOURCES (USES)	-	158,659	-	(2,171,652)	123,133	(2,048,519)	2,156
NET CHANGE IN FUND BALANCE	(238)	216,667	(63)	(466,925)	-	(466,925)	1,054,577
FUND BALANCE, beginning of year	6,539	(217,487)	2,193	1,778,491	(19,850)	1,758,641	3,084,897
FUND BALANCE, end of year	\$ 6,301	\$ (820)	\$ 2,130	\$ 1,311,566	\$ (19,850)	\$ 1,291,716	\$ 4,139,474

CITY OF ATLANTIC BEACH, FLORIDA
HISTORICAL REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2018, THROUGH SEPTEMBER 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues					
Operating Revenues:					
Water:					
Customer charges	\$ 4,060,751	\$ 3,677,424	\$ 3,550,004	\$ 3,462,039	\$ 3,206,520
Miscellaneous charges	78,422	68,937	43,252	67,291	64,563
Total water	<u>4,139,173</u>	<u>3,746,361</u>	<u>3,593,256</u>	<u>3,529,330</u>	<u>3,271,083</u>
Sewer:					
Customer charges	6,436,488	6,096,086	5,750,479	5,399,935	5,092,613
Miscellaneous charges	-	8	-	-	-
Total sewer	<u>6,436,488</u>	<u>6,096,094</u>	<u>5,750,479</u>	<u>5,399,935</u>	<u>5,092,613</u>
Total operating revenues	<u>10,575,661</u>	<u>9,842,455</u>	<u>9,343,735</u>	<u>8,929,265</u>	<u>8,363,696</u>
Non-operating revenues					
Investment income (loss):					
Water	(285,434)	(27,591)	143,198	163,209	(7,606)
Sewer	(160,845)	(22,584)	158,264	115,389	(8,249)
Total non-operating revenues	<u>(446,279)</u>	<u>(50,175)</u>	<u>301,462</u>	<u>278,598</u>	<u>(15,855)</u>
Total revenues	<u>10,129,382</u>	<u>9,792,280</u>	<u>9,645,197</u>	<u>9,207,863</u>	<u>8,347,841</u>
Expenses					
Operating expenses:					
Water	928,369	1,321,892	1,044,002	1,299,974	1,348,985
Sewer	2,846,994	3,100,956	2,222,833	2,387,924	2,393,828
Total operating expenses	<u>3,775,363</u>	<u>4,422,848</u>	<u>3,266,835</u>	<u>3,687,898</u>	<u>3,742,813</u>
Administrative, non divisional and other					
Water	497,959	584,856	642,424	508,655	508,655
Sewer	608,603	698,988	678,890	624,796	624,796
Total administrative non-divisional and other	<u>1,106,562</u>	<u>1,283,844</u>	<u>1,321,314</u>	<u>1,133,451</u>	<u>1,133,451</u>
Total expenses	<u>4,881,925</u>	<u>5,706,692</u>	<u>4,588,149</u>	<u>4,821,349</u>	<u>4,876,264</u>
Net revenues available for debt service	<u>5,247,457</u>	<u>4,085,588</u>	<u>5,057,048</u>	<u>4,386,514</u>	<u>3,471,577</u>
Non-operating income(expense)					
Interest expense	(196,437)	(320,482)	(344,186)	(381,546)	(404,297)
Loan amortization	(93,911)	(93,910)	(93,910)	(93,910)	(93,910)
Total non-operating income (expense)	<u>(290,348)</u>	<u>(414,392)</u>	<u>(438,096)</u>	<u>(475,456)</u>	<u>(498,207)</u>
Change in net position before depreciation expense and interfund transfers	<u>\$ 4,957,109</u>	<u>\$ 3,671,196</u>	<u>\$ 4,618,952</u>	<u>\$ 3,911,058</u>	<u>\$ 2,973,370</u>

CITY OF ATLANTIC BEACH, FLORIDA
SCHEDULES OF NET REVENUES IN ACCORDANCE WITH BOND RESOLUTIONS – ENTERPRISE FUNDS (WATER AND SEWER)
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND SEPTEMBER 30, 2021

	<u>2022</u>	<u>2021</u>
Gross revenues:		
Utility	\$ 10,575,661	\$ 9,842,455
Connection charges	44,895	34,333
Investment income (loss)	(457,602)	(44,607)
Total Gross Revenues	<u>10,162,954</u>	<u>9,832,181</u>
Operating Expenses		
Personnel services	1,687,884	1,776,734
Contractual services	535,134	673,262
Supplies	421,328	513,146
Repairs and maintenance	471,440	876,185
Utilities	402,707	349,132
Intergovernmental charges	1,106,562	1,283,844
Other expenses	256,871	234,388
Total operating expenses	<u>4,881,926</u>	<u>5,706,691</u>
Total net revenues in accordance with Bond resolutions	<u>\$ 5,281,028</u>	<u>\$ 4,125,490</u>
Total debt service	<u>\$ 1,815,181</u>	<u>\$ 1,895,860</u>
Debt service coverage ratio	<u>290.94%</u>	<u>217.61%</u>
Required debt service coverage ratio	<u>110.00%</u>	<u>110.00%</u>

**CITY OF ATLANTIC BEACH, FLORIDA
OTHER BOND COVENANT DISCLOSURES
FOR THE YEAR ENDED SEPTEMBER 30, 2018, THROUGH SEPTEMBER 30, 2022**

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

<u>Year</u>	<u>Electricity</u>	<u>Communications</u>	<u>Gas</u>	<u>Fuel Oil</u>	<u>Total</u>
2022	\$ 515,491	\$ 525,166	\$ 12,966	\$ -	\$ 1,053,623
2021	441,950	471,029	13,068	-	926,047
2020	499,712	489,444	14,122	-	1,003,278
2019	587,563	484,505	12,518	-	1,084,586
2018	498,379	497,133	16,262	-	1,011,774

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

<u>Year</u>	<u>Total</u>
2022	\$ 6,708,984
2021	6,341,798
2020	5,912,053
2019	5,519,446
2018	5,063,409

OTHER STATISTICAL INFORMATION

CITY OF ATLANTIC BEACH, FLORIDA
MAJOR UTILITY CUSTOMERS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

	Annual
	Billings
Fleet Landing (retirement community)	\$ 591,570
Navy (Federal Government)	395,478
PAC-2160 Mayport GP, LLC	197,927
John's Creek Estates (mobile home park)	161,008
City of Atlantic Beach, Florida	149,503
Hanna Park (regional park)	140,423
Sea Turtle Inn	132,945
BW MAYPORT LLC	129,766
Yes Companies	120,999
Otter Run (apartment complex)	116,413
	<u>\$ 2,136,032</u>

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Atlantic Beach, Florida, (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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 identified certain deficiencies in internal control, described below as item 2022-001, that we consider to be a significant deficiency.

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

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

2022-001 – Improperly Accrued Accounts Payable

Condition - During our audit, we identified several large invoices that were accrued to the wrong accounting period. This resulted in an approximate adjustment of \$430,000 to reduce accounts payable and the related expenditure/capital outlay accounts.

Effect – If this error had not been identified, accounts payable would have been overstated for fiscal year 2022.

Recommendation – We recommend that the City's finance department evaluates their yearly financial close and reporting process and make the necessary changes to ensure proper cutoff of accounts payable.

Compliance and Other Matters

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

Purpose of this Report

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



June 2, 2023
Gainesville, Florida

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

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

We have examined the City of Atlantic Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes during the period ended September 30, 2022, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies and pass-through entities, the City, and its management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 2, 2023
Gainesville, Florida

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REPORT ON COMPLIANCE FOR THE U.S. TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLRF) REQUIREMENTS FOR AN ALTERNATIVE CSLRF COMPLIANCE EXAMINATION ENGAGEMENT

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Atlantic Beach, Florida's (the City) compliance with 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 CSLRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLRF Compliance Examination Engagement") during the year ended September 30, 2022. Management of the City 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 CSLRF Compliance Examination Engagement. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2022.



June 2, 2023
Gainesville, Florida

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Atlantic Beach, Florida (the City) as of and for the year ended September 30, 2022, and have issued our report thereon dated June 2, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 2, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

MANAGEMENT LETTER

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

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

Special District Component Units

Section 10.554(1)(i)5.(d), *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that there were no special district component units that were required to be reported in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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



June 2, 2023
Gainesville, Florida



City of Atlantic Beach
800 Seminole Road
Atlantic Beach, Florida 32233-54445
Telephone (904) 247-5800
Fax (904) 247-5819
<http://www.coab.us>

June 6, 2023

Purvis, Gray and Company, LLP
P.O. Box 141270
Gainesville, FL 32614

RE: Responses to the Management Letter

Internal Control Over Financial Reporting

2022-001 – Improperly Accrued Accounts Payable

Condition—During our audit, we identified several large invoices that were accrued to the wrong accounting period. This resulted in an approximate adjustment of \$430,000 to reduce accounts payable and the related expenditures/capital outlay accounts.

Effect—If this error had not been identified, accounts payable would have been overstated for fiscal year 2022.

Recommendation—We recommend that the City’s finance department evaluates their yearly financial close and reporting process and make the necessary changes to ensure proper cutoff of accounts payable.

Management Response to Comment 2022-001 – Improperly Accrued Accounts Payable

The City’s finance department will closely review invoices received after year-end to ensure that they are accrued in the proper accounting period.

IMPACT FEE AFFIDAVIT

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

1. I am the Chief Financial Officer of the City of Atlantic Beach, FL which is a local governmental entity of the State of Florida.
2. City of Atlantic Beach adopted Ordinance No. 80-92-51 implementing water and sewer impact fees; and
3. City of Atlantic Beach has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Melissa Burns
(Chief Financial Officer of Entity)

STATE OF FLORIDA
COUNTY OF DUVAL

SWORN TO AND SUBSCRIBED before me this 6th day of June, 2023.



Donna L. Bartle
NOTARY PUBLIC
Print Name Donna L. Bartle

Personally known or produced identification _____

Type of identification produced: N/A

My Commission Expires:
May 14, 2025