

40 years of building community

CITY OF DESTIN, FL
ANNUAL COMPREHENSIVE
FINANCIAL REPORT FISCAL YEAR
ENDED SEPTEMBER 30, 2024

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CITY OF DESTIN, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024

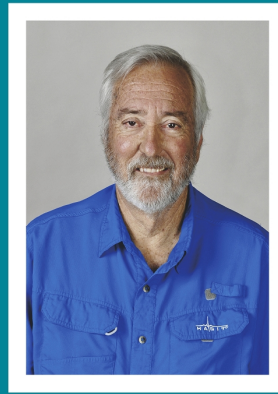
PREPARED BY:
CITY OF DESTIN FINANCE DEPARTMENT



DESTIN CITY COUNCIL



BOBBY WAGNER
MAYOR



DEWEY DESTIN
COUNCILMAN



JIM BAGBY
COUNCILMAN



RODNEY BRADEN
COUNCILMAN



TOREY GEILE
COUNCILMAN



TERESA HEBERT
COUNCILWOMAN



KEVIN SCHMIDT
COUNCILMAN



SANDY TRAMMELL
COUNCILWOMAN

CITY OF DESTIN, FLORIDA

CITY OF DESTIN, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
SEPTEMBER 30, 2024

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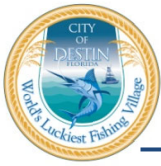
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INTRODUCTORY SECTION

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Office of the City Manager

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

March 4, 2025

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

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the City of Destin, Florida (the “City”) for the fiscal year ended September 30, 2024. Chapter 218.39, Florida Statutes require that a complete set of financial statements be published within nine months of fiscal year end and presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

In compliance with the laws of the State of Florida, the City’s financial statements have been audited by Mauldin and Jenkins, LLC, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Destin for the fiscal year ended September 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Destin’s financial statements for the fiscal year ended September 30, 2024, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Destin was part of a broader, state mandated “Single Audit” designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This was not required for the fiscal year ended September 30, 2024.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Destin’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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

The City of Destin provides a range of services that include operations of cultural and recreational facilities and events, and the construction and maintenance of highways, streets, sidewalks, stormwater and other infrastructure. The City also provides community planning and Florida building code compliance services. Law enforcement is provided through a contractual arrangement with the Okaloosa Sheriff’s Office. Water and wastewater utilities and fire protection and lifeguard services are provided by other non-profit and governmental agencies working in close cooperation with City management.

Tourism is the major field of employment within the City of Destin. The City of Destin includes a planning area of 7.53 square miles and is located in Okaloosa County approximately 52 miles east of Pensacola, Florida, and 38 miles west of Panama City Beach, Florida. The Gulf of Mexico on the south and Choctawhatchee Bay on the north form the City's natural boundaries. Destin is located on Florida's Emerald Coast known for sugar-white beaches, crystal clear green water and warm, sunny days. Destin is home to approximately 14,608 full-time residents with an estimated peak seasonal population of approximately 100,000. One of the City's most significant on-going challenges is to provide infrastructure and services to accommodate the seasonal population.

Budgetary Control: The annual budget serves as the foundation for the City of Destin's financial planning and control. The City Manager starts each new calendar year with a Visioning and Strategic Planning Session where department directors, city council members, and the citizens of Destin discuss their long-term vision for the City and strategically prioritize issues and projects. All departments of the City of Destin are required to submit requests for appropriation to the City Manager in the spring of each year. The City Manager evaluates these requests against the strategic planning session priorities and develops a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (the level at which expenditures cannot legally exceed appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 28 as part of the basic financial statements for the government funds. For governmental funds, other than the General Fund and major special revenue funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 29. The City of Destin has no proprietary funds and no business-like activities.

Factors Affecting Financial Condition

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

Local Economy: Tourism is one of Destin's largest industries, and Destin has made great strides to promote and market its commitment to serve as a community offering an outstanding quality of life to residents and visitors alike. After a long hot stretch of tourism activity spurred on by COVID-19 in 2020, the area finally experienced a cooling effect in FY 2024. Occupancy of hotels and short-term rentals was nearly equal in FY 2024 to that of FY 2023, and many local restaurants, boat rental, and charter companies reported slower activity. Although a bit slower than the prior year, the Okaloosa Tourist Development Council reported that FY 2024 bed tax collections and visitor estimates continue to be higher than pre-pandemic figures.

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

Besides tourism, Destin's economic base was dependent on the real estate and construction industries in the past. Nowadays, the City is nearly "built-out" with very few vacant parcels still available for development, and therefore residential and commercial construction is minimal compared to the tourist-related economy. During FY 2024, rising property values translated into higher ad valorem taxes. Ad valorem taxes are the City of Destin's largest single source of revenue. By City Charter the maximum rate of levy is limited to 2.0 mills, or \$2 per \$1,000 in property value. The rate for FY 2024 was set at 1.615 mills for the eighth consecutive year.

Major Initiatives - Current and Future

Undergrounding Utilities: Undergrounding utilities is essential to hardening Destin's infrastructure to improve business continuity and to decrease recovery time in post-disaster scenarios. This is also a beautification initiative expected to increase property values and to enhance economic development opportunities. In FY 2021, the City hired a Project Management company to manage our ambitious utility undergrounding project. The Project Management company has completed a report that groups sections of the City into phases that have similar cost. The Project Manager has coordinated closely with FDOT and local utility providers. In late 2023, the City executed a binding cost estimate and a conversion agreement with FPL (formerly Gulf Power, a subsidiary of Nextera Energy) to convert overhead utilities to underground. A contractor was hired in the summer of 2024 through the City's transparent purchasing processes. Drilling conduit pathways began in the fall of 2024. This first phase along US Highway 98 from the Marler Bridge to Airport Road should be completed by the fall of 2026. This is the first area of seven identified.

Cross-Town Connector: For many years, the City of Destin has worked towards establishing a secondary main road for residents to get from the East side of town to the West side of town that would avoid the congestion of Highway 98. The final parcel required for this roadway was purchased in FY 2024. The City has purchased all properties required for right-of-way and has relocated the residents affected by the project. An engineering firm completed the design. Funding has been assembled and construction will begin in FY 2025.

Beach Acquisition: The purchase and development of beachfront property continues to be one of City Council's top objectives in order to preserve public access to Destin's waterways and beaches. During the summer months, the City's two small beach parks are regularly well beyond capacity with beachgoers. The highest percentage of complaints from citizens and visitors are concerns about the lack of access to the Gulf waters and disputes between property owners, vendors, and visitors. This initiative will restore developed areas of the beach to original natural beach and will provide additional public space for residents and visitors. City Council signed a revised interlocal agreement with and the Okaloosa County Tourism Development Department (TDD) to continue beachfront park development of the properties purchased in FY 2021 and to acquire an additional 320+ feet of beachfront properties in early FY 2023. Administrative and financial assistance for these purchases is provided by the Trust for Public Lands (TPL). The land purchased at Tarpon Beach has completed the design phase and contractor solicitation in process. Construction is anticipated to begin in 2025. The land purchased at the Shores of Crystal Beach is still in the design phase.

Norriego Point Stabilization and Recreational Amenities: This has been a high priority project for the Destin community. Due to the complex dynamics of the Destin East Pass, in FY 2011 the City Council appointed a Blue-Ribbon Panel of stakeholders to assist in the decision-making for the proposed design for stabilization of the Point. In late FY 2013, the City was notified the Florida Department of Environmental Protection (FDEP) was awarded a National Resource Damage Assessment (NRDA) grant to construct this project. In FY 2014 city staff began working with the State to implement this project. The project began in the fall of 2017 with the stabilization phase. In the fall of 2021, a developer worked with the City to extend the road and add parking for access to the park that FDEP has designed. FDEP is now managing the construction phase for the improvements to Norriego Point. The construction of recreation amenities began late in FY 2024. Amenities include bathrooms, boardwalk, and hardening of the point. The hardening efforts on Norriego Point provide storm protection for the Destin Harbor and will help preserve the point for the future.

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

The adopted five-year capital improvement plan for FY 2025-2029 includes several pathway projects that will connect the Harbor Boardwalk with additional parking and will connect the library, community center, fishing museum, and three city parks. The City is working closely with a rate analyst to establish developer mobility fees to help the City fund the greater multi-modal mobility plan.

Joe's Bayou Renovation: In 2016, the City purchased a parcel of waterfront property that has long been desired by the City of Destin to complete its plans for the Joe's Bayou Recreation Area which will combine four properties into one recreational park. FDEP is managing the funding, design and construction of a bayfront park. Design was underway in FY 2022 and construction is anticipated to start in FY 2025.

Community Redevelopment Agency

The Community Redevelopment Agency (CRA) is responsible for developing and implementing the Community Redevelopment Plan that addresses the unique needs of the targeted area. The plan includes the overall goals for redevelopment in the area, as well as identifying the types of projects planned for the area. The City of Destin continues to focus on redevelopment opportunities. The establishment of two districts within the Destin CRA help focus planning efforts for major capital improvements. One district is intent upon maintaining the vitality and heritage of our harbor district. The second district is to reinvigorate the vitality of a centralized downtown and town center area. There are also plans to improve connectivity throughout both districts.

Town Center CRA District

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

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

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

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

Harbor CRA District

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

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

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

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

Additional Financial Policies that Affect the Financial Position

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

In accordance with Florida Statutes, Chapter 218.33, revenues are recorded by source to provide information necessary to: (1) prepare and control the budget, (2) record the collection of revenues

(3) prepare financial statements and schedules, and (4) prepare financial statistics.

Long-Term Financial Planning

The City's responsiveness to emerging economic challenges and its careful long-range planning have been instrumental in maintaining Destin's fiscal health. Fiscal conservatism, a streamlined budget, and operating efficiencies have resulted in a solid position for the City at the close of fiscal year 2024. Approval by Council of mission and goal statements allows staff to create strategic plans and a programmatic budget that directly responds to the Council's vision, goals, and community expectations. The City continues to prioritize debt service and operations first in budgeting. Most capital projects are funded by grant revenues and impact fees.

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

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

- 1) Financially sound city providing service excellence.
- 2) Enhanced quality of life and safety for families.
- 3) Economic development and revitalization.
- 4) Effective, efficient and aesthetically pleasing infrastructure.
- 5) Improve mobility and connectivity.
- 6) A green and sustainable environment.
- 7) Offer livable wages & benefits to attract & maintain a high caliber, qualified staff.

Plans articulated in the fiscal year 2025 Adopted Budget and Capital Improvement Plan continue to support basic governmental services (roads, parks, recreation, and stormwater, etc.) while also addressing the City Council’s broad goals and citizens’ expectations for the community.

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

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

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

Debt Management: Destin has a financial policy which prohibits the issuance of debt for operating costs. With that as a governing framework, all debt issuances are for the purpose of financing capital infrastructure (or long-lived costly assets). Each debt issuance is evaluated against multiple additional policies addressing debt service as a percent of operating expenditures, tax and revenue bases for the repayment of debt, the overall debt burden on the community and statutory limitations and market factors affecting tax-exempt interest costs. In all cases a long-term analysis is made considering the financial (debt) capacity that fits the wherewithal (and willingness) of our community to pay for the capital projects. The annual debt service operating cost for each additional one million dollars in new debt averages about \$50,000 based on an average interest rate of 5.0 percent. Sizing of the City's Capital Improvement Program is based on the debt capacity in conjunction with conservatively estimated pay-as-you-go revenues which will help stabilize per capita debt and lower annual debt service costs to the City over the long-term.

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

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

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

Financial Information

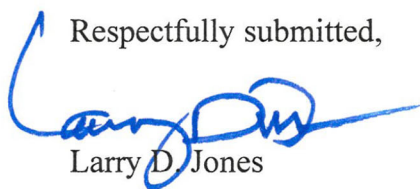
Management's Discussion and Analysis (MD&A) (starting on page 4) summarizes the Statement of Net Position and Statement of Activities and reviews the changes (from the beginning to the end of the period and current year to prior year). The Government-wide financial statements (in detail) are presented on pages 22 through 27 and are intended to present the City in a manner similar to private-sector businesses.

Additionally, the Fund Financial Statements (starting on page 28) are designed to address the Major (or more significant) individual funds by category. An explanation of these complementary presentations can be found in the MD&A (starting on page 6).

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Destin for its annual comprehensive financial report (ACFR) for the year ended September 30, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

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

Respectfully submitted,

Larry D. Jones
City Manager


Krystal Strickland, CPA, CGFO
Finance Director

CITY OF DESTIN EXECUTIVE

DIRECTORY

City Council

Bobby Wagner, Mayor
Dewey Destin, Mayor Pro Tem/Council
Torey Geile, Council
Terésa Herbert, Council
Sandy Trammell, Council
Kevin Schmidt, Council
Jim Bagby, Council
Rodney Braden, Council

City Manager

Larry Jones

Finance/Budget Director

Krystal Strickland

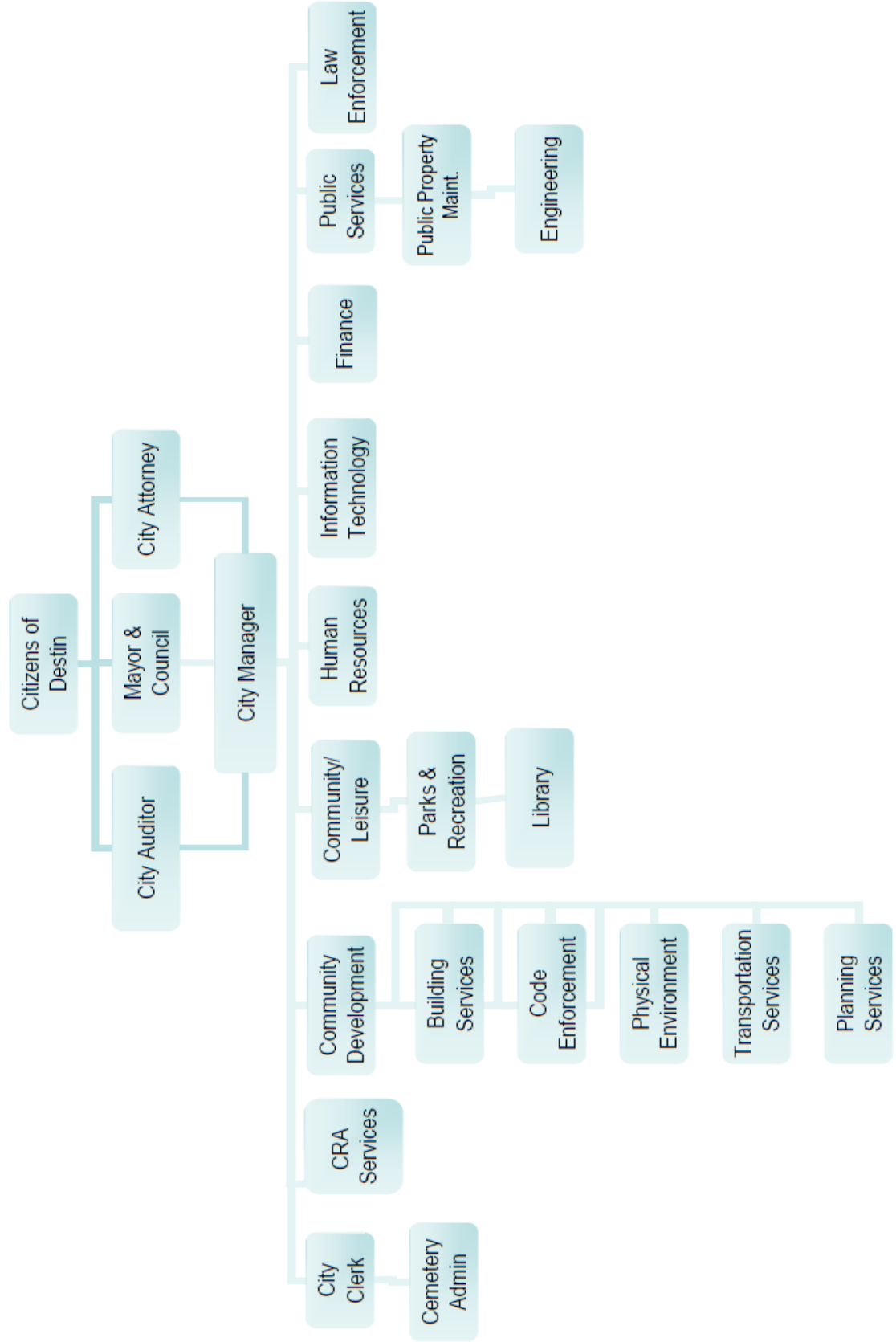
City Clerk

Rey Bailey

City Attorney

Kimberly Kopp
Romano Kopp Law, P.A.

City of Destin Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Destin
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Destin, Florida** (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, the CRA Town Center Fund, the Okaloosa Half-Penny Fund, and CRA Harbor Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21 and the schedule of changes in the City's total OPEB liability and related ratios on page 56 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 combining and individual nonmajor fund financial statements and schedules 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Bradenton, Florida
February 20, 2025

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CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

As management of the City of Destin, Florida (the "City") we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended September 30, 2024. The City's Management Discussion and Analysis (MD&A) is designed to: (a) assist the reader in focusing on the significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify any individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- Assets plus deferred outflows of resources of the City of Destin exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$173.9 million (net position). Of this amount, \$129.5 million represents the net investment in capital assets (e.g. land, infrastructure, building, machinery, and equipment), \$6.7 million is restricted for use by regulatory agencies, grantors and debt covenants, and \$37.7 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$12.4 million during the current fiscal year. This increase is directly related to purchase of land and completion (activation) of capital projects. The purchase of 1 Harbor Boulevard for public park space was the largest addition (\$9 million). The City also completed more than \$3 million in transportation and stormwater infrastructure capital projects.
- Governmental Activities generated \$6.2 million in program revenues (\$10.7 million less than in the prior fiscal year). Capital grants were \$10.9 million lower in FY 2024 than FY 2023. Charges for services were \$241 thousand higher primarily due to an increase in parking fees in public parking areas. Expenses increased \$1.8 million. General government, public safety, culture and recreation increased the most. General government increased \$817 thousand. The City is in process of updating technology including accounting and personnel software. In addition, personnel costs including benefits (medical insurance) increased due to higher premiums and higher number of personnel covered. Public safety expenses increased \$780 thousand by expansion of our Code Compliance department (\$424 thousand), law enforcement (contracted Okaloosa Sheriff's Office \$280 thousand), and for enforcement of Florida Building code. Culture and recreation operating costs increased \$527 thousand, primarily to operate and maintain the Morgan Sports Center and the Community Center.
- At the close of the current fiscal year, the City of Destin's governmental funds reported combined ending fund balances of \$44.7 million, a decrease of \$3.1 million or 6% over the prior year. At the beginning of FY 2024, the City lent \$8.5 million to the Destin Harbor District Community Redevelopment Agency to purchase an important piece of land (1 Harbor Boulevard), with plans to be reimbursed the summer of FY 2024 from loan proceeds borrowed by the CRA. The loan did not close until November 2024, leaving a high balance owed as an interfund advance. The net effect of payments in from a previous interfund advance plus the new advance resulted in an increase in Nonspendable fund balance of \$8.3 million at the fiscal year-end (September 30, 2024). The governmental fund balance includes \$10.7 million Nonspendable fund balance, \$6.7 million is restricted by Florida statutes, grant agreements and debt service covenants, \$25.5 million has been committed by council resolutions and contracts, and \$1.8 million is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9.7 million, or 75% of the total General Fund operating expenditures.
- During fiscal year 2024, the City initiated \$121 thousand in software leases and extended a land lease (Morgan's Sports Center).
- During this fiscal year, the City invested \$15.7 million into capital assets such as land acquisition for parks (\$9 million), renewing roadways and sidewalks (\$2.9 million), and replacing major, replacing old vehicles and machinery such as the streetsweeper and "bucket truck" (\$1 million). A thorough review of capital assets was completed in preparation to move into the new accounting and asset management software, which resulted in separation/reclassification of road surfaces and related land (see Note 7 Changes in Capital Assets).

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

The government-wide financial statements are found on pages 22 and 23 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. The City of Destin's funds can be divided into two categories: governmental and fiduciary funds. Our City does not currently have any proprietary (business-like) funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at fiscal year-end. Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 24 through 33 of this report.

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

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balances for four of the thirteen funds considered to be major funds. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements and can be found on pages 57 through 67 of this report.

Major Governmental Funds:

General Fund
CRA Town Center Fund
CRA Harbor Fund
Okaloosa Half-Penny Fund
Capital Projects Fund

Non-Major Governmental Funds:

Florida Building Code Fund
Parking Fund
Technology Fund
Water Quality Fund
2013 Refunding Revenue Note Series Fund
2014 Refunding Revenue Note Series Fund
2021 Refunding Revenue Note Series Fund
2023 TDC Advanced Funding Agreement

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

PROPRIETARY FUNDS

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

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

FIDUCIARY FUNDS

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

The City maintains a defined contribution plan for the City's full-time employees. The City administers the retirement plan known as the "Employee Thrift Plan." The Board of Trustees operates the investment policy set forth by the City Council. All funds are held by Benjamin F. Edwards & Co., which also acts as the Investment Manager. As of September 30, 2024, total assets were stated at \$7.5 million, an increase of \$1.8 million as compared to the September 30, 2023 stated value of \$5.7 million. The increase in assets was due to realized and unrealized increases in value of \$1.4 million plus contributions net of withdrawals of nearly \$337 thousand. Allocations of investments were represented as 98% mutual funds and 2% in cash and cash equivalents.

The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are found on pages 32 and 33 of this report.

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 34 of this report.

OTHER INFORMATION

The combining statements, mentioned earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. The combining and individual nonmajor fund financial statements are found on pages 56 through 67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

In the case of the City of Destin, combined assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$174 million at the close of fiscal year 2024. (See Table 1 below.)

Table 1
Statement of Net Position
As of September 30, 2024

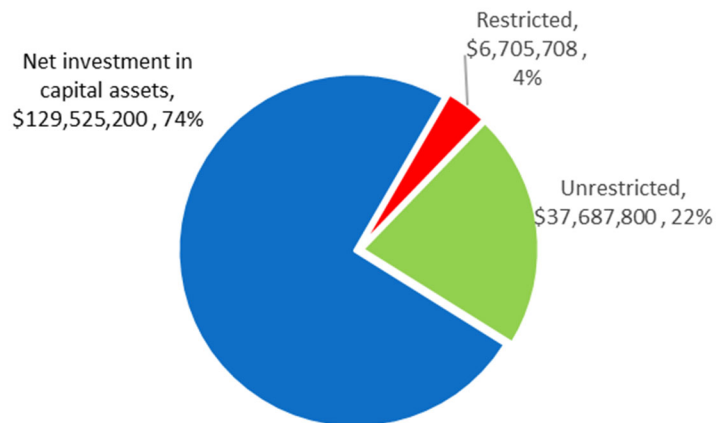
	Governmental Activities			
	2024	2023	\$ Change	% Change
Current and other assets	\$ 46,966,852	\$ 49,916,937	\$ (2,950,085)	-6%
Capital assets	152,336,021	139,811,146	12,524,875	9%
Total assets	199,302,873	189,728,083	9,574,790	5%
Deferred outflows	46,652	53,275	(6,623)	-12%
Other liabilities	5,480,367	5,534,071	(53,704)	-1%
Long-term liabilities	19,950,450	22,745,370	(2,794,920)	-12%
Total liabilities	25,430,817	28,279,441	(2,848,624)	-10%
Net position:				
Net investment in capital assets	129,525,200	114,141,436	15,383,764	13%
Restricted	6,705,708	9,013,429	(2,307,721)	-26%
Unrestricted	37,687,800	38,347,052	(659,252)	-2%
Total net position	\$ 173,918,708	\$ 161,501,917	\$ 12,416,791	8%

The largest portion of the City's net position, \$129.5 million (74% of total net position), reflects the investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$6.7 million (4% of total net position) represents resources that are subject to external restrictions. The remaining balance of \$37.7 million (22% of total) is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's current and other assets decreased \$2.9 million (6%). This decrease stems from investment of current assets into capital assets. Capital assets net of depreciation increased \$12.5 million (9%). Our largest addition to capital assets during FY 2024 was the acquisition of a parcel of land at the foot of the Marler Bridge (1 Harbor Boulevard). Also, staff meticulously separated roadway infrastructure between land (non-depreciable) and surfacing (depreciable). More details on the changes in capital assets can be found in Note 7 of the financial statements found on page 46.

Total liabilities decreased \$2.8 million. The City paid down over \$3 million in debt and added \$121 thousand in leases, which resulted in a net decrease in total liabilities of \$2.8 million (10% decrease). More details regarding the changes in long-term liabilities can be found in Note 8 and Note 9 to the financial statements found in pages 47 through 50.

Chart 1: Allocation of Net Position



CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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

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

Basic impacts that can affect expenses:

- 1) **Introduction or elimination of programs** and facilities can have an impact on staffing levels, operating costs, and capital outlay costs.
- 2) **Changes in service levels** can cause the City to increase or decrease expenses. The City of Destin outsources many activities, such as law enforcement, legal services, median maintenance, and engineering services. Contracted services represent over 20% of the City's operating costs.
- 3) **Salary increases** such as cost of living, performance increase, and pension contributions can impact personnel costs. Staffing costs (salary and related benefits) represent 45% of the City's operating costs.
- 4) **Inflation** continues to edge upwards, therefore increasing the price of goods and services purchased by the City. The City is also a major consumer of certain commodities such as fuel, chemicals, supplies, parts, and construction materials to maintain our facilities which have experienced unusual commodity specific increases. In addition, the City has contracts with built-in annual increases.

The City's net position increased by \$12.4 million (8%) during the fiscal year 2024. On the revenue side, the City collected nearly \$1.9 million more in property taxes during FY 2024 than the previous year. Short-term investments (money markets and CDs) earned particularly well during FY 2024 and added nearly \$1.6 million to the net position. Several major capital projects were delayed due to procurement issues. Many requests for bids and proposals had to be reissued due to inadequate responses. This resulted in capital project cashflows coming in faster than flowing out. The City has been saving electric franchise fees, Okaloosa Half Penny Infrastructure surtaxes, and impact fees to invest in capital projects scheduled for considerable investment. Most of the delayed projects were started at the end of FY 2024 and some are now scheduled to start in FY 2025. Accumulation of these restricted and committed funds increases net position.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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

Table 2
Statement of Activities
For the Year Ended September 30, 2024

	Governmental Activities			
	2024	2023	\$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	\$ 3,804,215	\$ 3,564,213	\$ 240,002	7%
Operating grants and contributions	838,462	871,096	(32,634)	-4%
Capital grants and contributions	1,530,600	12,440,237	(10,909,637)	-88%
General revenues:				
Property taxes	14,335,084	12,464,569	1,870,515	15%
Other taxes	3,629,177	3,571,611	57,566	2%
Franchise fees	3,243,280	3,514,832	(271,552)	-8%
Government revenue sharing	2,400,830	2,481,969	(81,139)	-3%
Impact fees	171,129	453,374	(282,245)	-62%
Investment income (loss)	2,174,754	578,203	1,596,551	276%
Miscellaneous	159,406	102,444	56,962	56%
Total revenues	32,286,937	40,042,548	(7,755,611)	-19%
Operating expenses:				
General government	4,415,633	3,604,493	811,140	23%
Public safety	5,222,285	4,441,808	780,477	18%
Physical environment	1,093,567	996,593	96,974	10%
Transportation	3,295,759	3,587,231	(291,472)	-8%
Economic environment	178,185	244,282	(66,097)	-27%
Human services	74,829	53,466	21,363	40%
Culture and recreation	5,122,449	4,589,126	533,323	12%
Interest	467,439	513,582	(46,143)	-9%
Total operating expenses	19,870,146	18,030,581	1,839,565	10%
Change in net position	12,416,791	22,011,967	(9,595,176)	-44%
Net position, beginning	161,501,917	139,489,950	22,011,967	16%
Net position, ending	\$ 173,918,708	\$ 161,501,917	\$ 12,416,791	8%

Current Year Impact – Governmental Activities

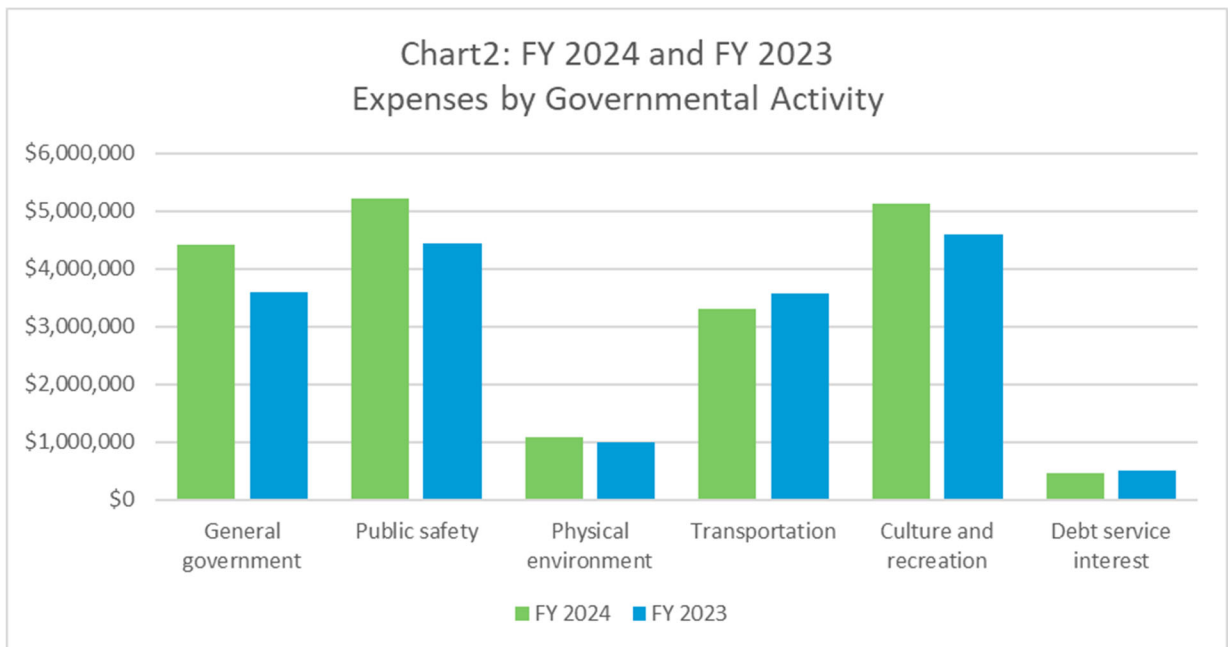
- Ad valorem property taxes increased \$1.8 million (15%) due to the increase of property values within the City. The millage rate has been maintained at 1.615 for each of the last eight fiscal years (since FY 2017). Upon incorporation in 1984, the City of Destin adopted a millage rate cap of 2 mills.
- Grants and contributions decreased \$10.9 million (88%) from \$13.3 million in the prior year to \$2.4 million in FY 2024. Since 2017, grants and contributions average \$2.8 million per year (excluding the outlier year of 2023).
- Investment income earned during FY 2024 increased to \$2.1 million from \$578 thousand earned during FY 2023. The short-term treasury and money market rates were significantly higher in FY 2024 than in previous years.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

- Total governmental expenses increased 10%. General government, public safety, culture and recreation increased the most. General government increased \$817 thousand. The City is in process of updating technology including the accounting and personnel/payroll software. In addition, personnel costs including benefits (medical insurance) increased due to higher premiums and more personnel covered. Public safety expenses increased \$780 thousand. The highest increase was for the Code Compliance department which was expanded to better meet the needs of the City. In addition, the law enforcement contract increased (contracted Okaloosa Sheriff's Office), and the cost to enforce Florida Building code (building permit reviews and building inspections) also increased. Culture and recreation operating costs increased \$532 thousand, primarily to operate and maintain the Morgan Sports Center and the Community Center.

Chart 2 compares Expenses by Governmental Activity year over year:



CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

Chart 3 compares governmental revenues year over year by major revenue category:

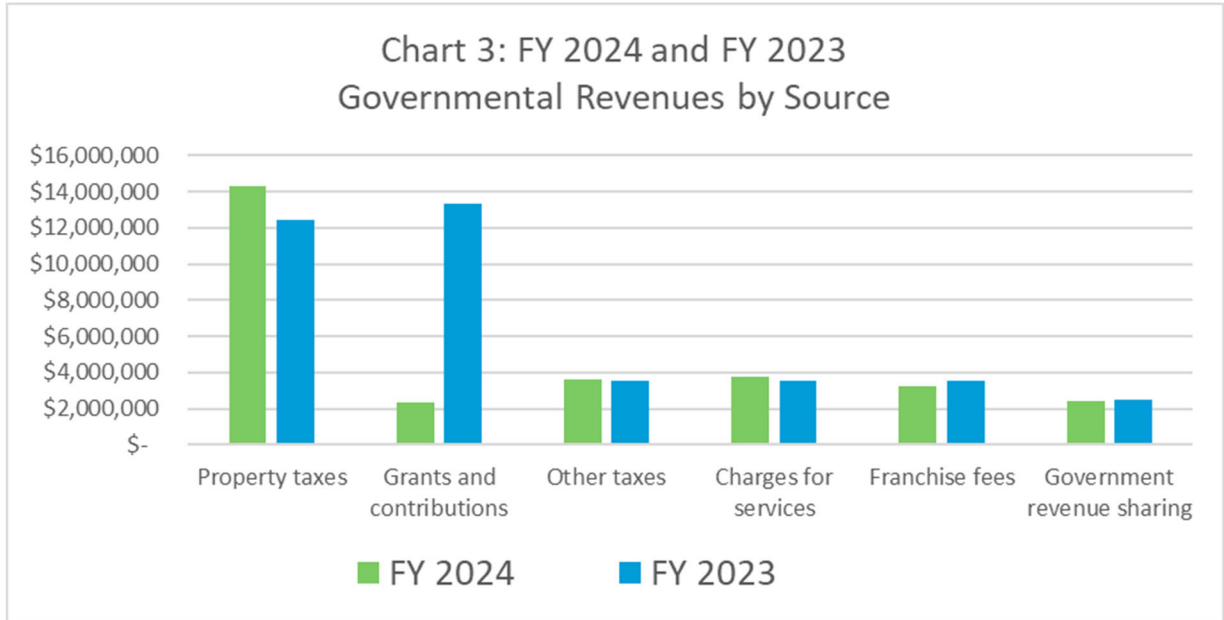
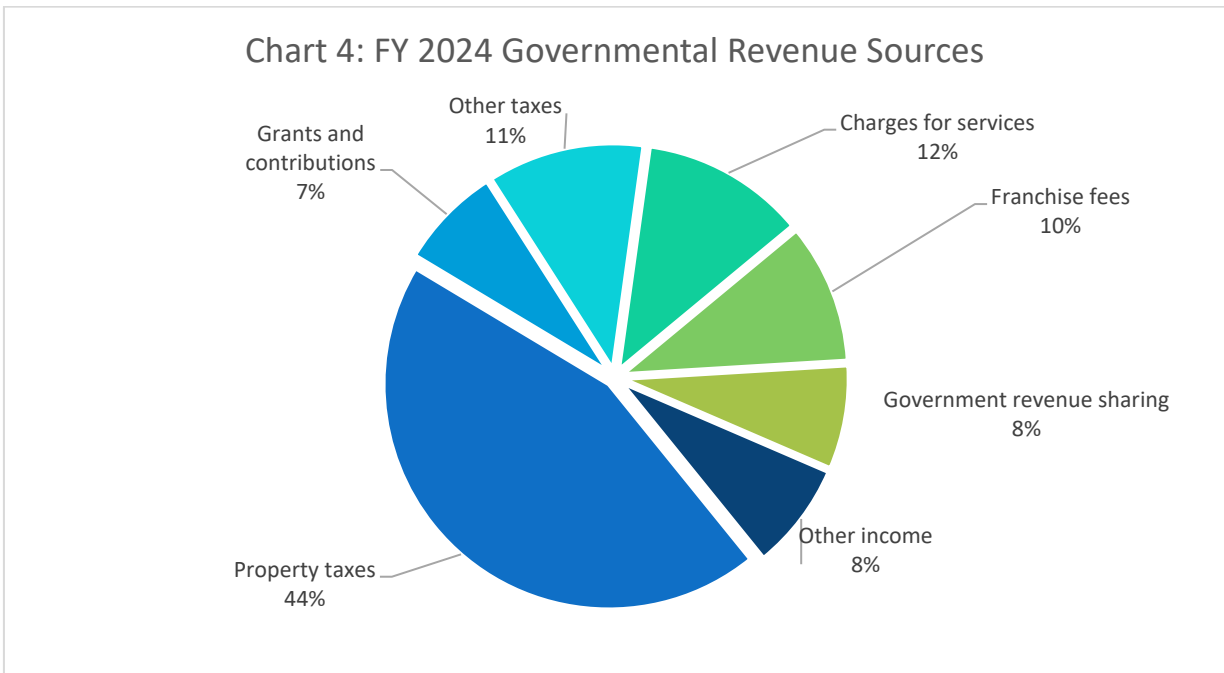


Chart 4 provides an overall view of the various governmental revenue sources:

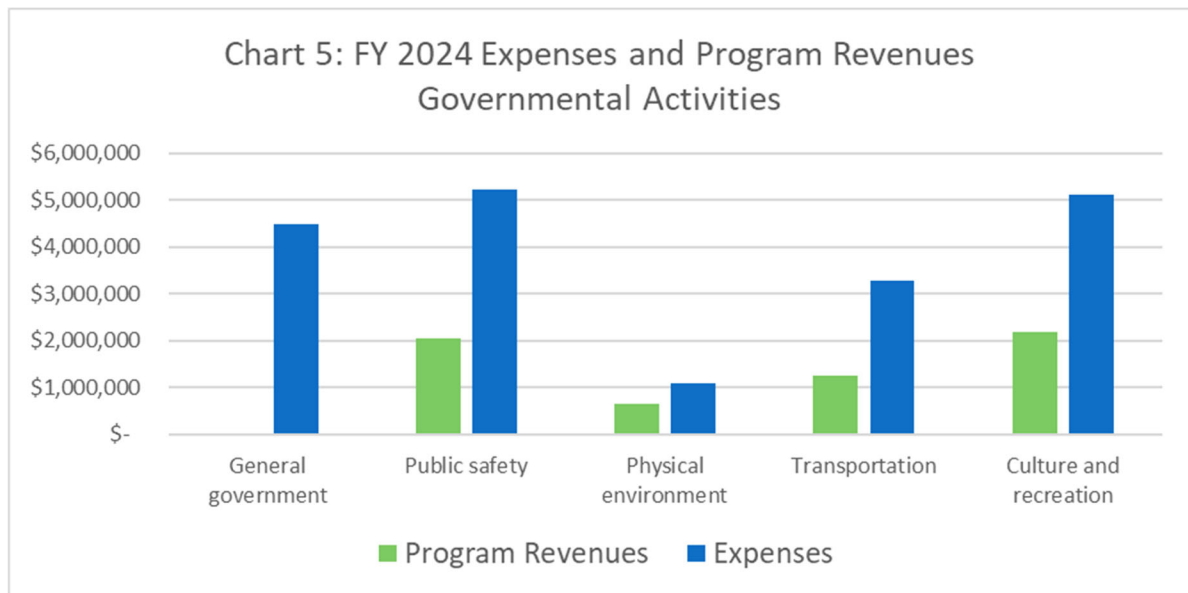


CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

Chart 5 compares program revenues to program expenses for each category of governmental activity. Program revenues include charges for services and grants. The cost of all governmental activities this year was \$19.9 million. This cost was financed by:

- Those who directly benefit from the programs through charges for services \$3.8 million (19% of total program expenses);
- Other governments and organizations that subsidize certain programs through shared revenues, grants and contributions \$4.8 million (24% of total program expenses); and
- The remaining \$772 thousand "public benefit" portion of governmental activities was financed with property taxes.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of September 30, 2024, the City's governmental funds reported combined ending fund balance of \$44.7 million, a decrease of \$3 million (6%) as compared to the prior year.

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

Nonspendable Fund Balance: \$10.7 million is classified as Nonspendable, which indicates these amounts are not available to pay near-term obligations. Our current nonspendable balance includes an interfund advance from the General Fund to the Harbor CRA fund (\$8.5 million), an interfund advance from the General Fund to the Town Center CRA fund (\$2.2 million) and prepaid expenditures (\$11 thousand).

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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

Fund Balance	Governmental Activities			
	2024	2023	\$ Change	% Change
<i>Nonspendable:</i>				
Interfund advance	\$ 10,661,624	\$ 2,361,624	\$ 8,300,000	351%
Prepays and deposits	11,158	122,965	(111,807)	-91%
<i>Restricted for:</i>				
Impact fees (park, traffic, library and police)	4,590,224	2,313,445	2,276,779	98%
Other agreements (NPEB, Stormwater, Morgans Grant, Gas Tax#2)	1,339,163	3,233,740	(1,894,577)	-59%
Debt service	362,653	342,228	20,425	6%
CRA Harbor	210,970	730,649	(519,679)	-71%
Florida Building Code	202,698	342,260	(139,562)	-41%
<i>Committed for:</i>				
Emergency operations	4,819,181	4,138,122	681,059	16%
Debt service	3,341,938	3,605,098	(263,160)	-7%
Emergency maintenance	4,819,181	4,138,122	681,059	16%
Infrastructure surtax	7,060,157	5,715,003	1,345,154	24%
Renewal and replacement	2,449,192	2,252,268	196,924	9%
Parking	1,836,116	1,030,857	805,259	
Technology	596,035	442,347	153,688	35%
Encumbrances	581,768	256,592	325,176	127%
<i>Unassigned</i>	1,841,875	16,788,335	(14,946,460)	-89%
Total Fund Balance	\$ 44,723,933	\$ 47,813,655	\$ (3,089,722)	-6%

Restricted Fund Balance: Approximately \$6.7 million is classified as restricted. External entities, such as the State of Florida, lenders and grantors placed restrictions on the use of these funds. State and City legislation restricts \$4.6 million of impact fees, which can only be expended upon "growth necessitated capital expenditures" and cannot be used to pay for operating expenses. \$1.3 million has been restricted by grant and interlocal agreements. \$362 thousand is in debt service accounts to be expended as per debt covenants. Over \$210 thousand is for expenditure within the Community Redevelopment Agency districts, and \$202 thousand is restricted for expenditures related to enforcing Florida Building Code as per state statutes.

Committed Fund Balance: \$25.5 million is classified as committed, to indicate amounts constrained to purposes by City Council through Ordinance or Resolution. City resolution 12-20 commits the equivalent of three months operating costs to be placed into the Emergency Operations reserve (\$4.8 million), one year's worth of debt service (\$3.3 million) is in a debt service reserve, and an equivalent to three months of operating costs is in an emergency maintenance reserve (\$4.8 million). Council has chosen to commit the Okaloosa Half Penny Local Infrastructure Surtax to specific capital projects (current fund balance of \$7 million). \$2.4 million has been committed to renew and replace certain infrastructure, capital components of facilities, and machinery (i.e. streetsweeper, dumptruck, tractors, and vehicles). The balance of the Parking Fund \$1.8 million is committed to maintaining parking areas and to address parking issues. The \$596 thousand balance in the Technology Fund is to be used for hardware and software to process permits and licenses issued by the Building Official, Code Compliance, and Community Development departments.

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

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

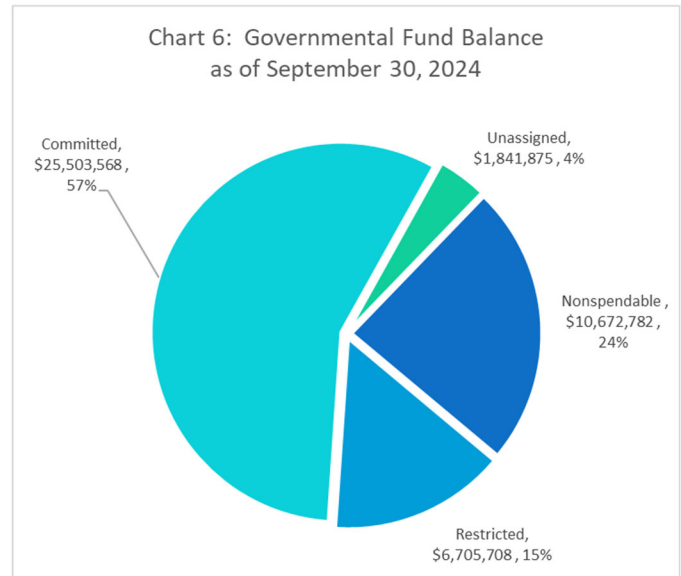
Unassigned Fund Balance: \$1.8 million is classified as unassigned which identifies net resources available for spending at the end of the fiscal year. This is the net of \$9.6 million unassigned in the General Fund minus \$7.8 million deficit balance in the Harbor CRA fund. The deficit in the Harbor CRA fund will be addressed upon closing on a loan as per reimbursement resolution 23-13, scheduled for November 2024. The loan will reimburse the Harbor CRA for purchasing \$9 million of land at 1 Harbor Boulevard.

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

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance totaled \$33.9 million of which \$9.7 million is unassigned.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 75%, or approximately nine months of the General Fund's total operating expenditures. (An additional 6 months operating funds is "committed" as a reserve in accordance with resolution 12-20).



The fund balance of the City's General Fund increased \$1.5 million during the current fiscal year from \$32.3 to \$33.9 million. While we tend to budget to keep the General Fund balance level, during FY 2024 actual expenditures were lower than planned and actual revenues higher, resulting in the increase of \$1.5 million.

The total revenues of the General Fund increased \$1.9 million from \$19.9 million in FY 2023 to \$21.8 million in FY 2024. Property taxes account for the majority of this increase (\$1.2 million). The millage rate was kept at the same rate, so the increase is due to changes in property values. The state of Florida caps property value increases on homesteaded properties to 3% per year. Only 13% of the city's parcels are residential with homestead exemptions. Investment income, mostly from money market accounts, is the source of the remaining revenue increase.

The total expenditures of the General Fund increased \$2.3 million (18%) from \$12.8 million in FY 2023 to \$15.2 million in FY 2024. The top three Governmental Fund activities of the City of Destin are Culture and Recreation (FY 2024 \$4.3 million), General Government administration (FY 2024 \$4.2 million), and Public Safety (FY 2024 \$4 million).

Culture and Recreation expenditures were \$540 thousand higher in FY 2024 than FY 2023. Over half of this amount was related to personnel costs. Culture and Recreation account for over half of City staff and facilities. Both medical and property insurance rose significantly from FY 2023 to FY 2024 and are primary sources for the increase in expenditures year over year.

General Government expenditures were \$768 thousand (22%) higher in FY 2024 than FY 2023. The City Manager's office was \$242 thousand higher in FY 2024 mainly due to one-time special activities to celebrate Destin's 40th birthday (incorporation in 1984). Human Resources and Information Technology departmental expenditures were also higher than in prior years as we entered into several long-term software agreements.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

Public Safety expenditures were \$727 thousand (22%) higher in FY 2024 than FY 2023. More than half of this increase was related to expansion of our Code Compliance department, which increased personnel from 8.1 to 13.5 FTEs (full-time equivalents, 1 FTE = 2080 labor hours). The remainder of the increase in expenditures from FY 2023 to FY 2024 was related to our law enforcement contract with the Okaloosa Sheriff's office and their increased cost per sworn officer. The number of officers assigned to Destin remained static.

Capital Projects Fund

The second largest major governmental fund is the Capital Projects fund. This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The fund balance increased 8% (\$621 thousand) from a balance of \$7.4 million at the end of FY 2023 to \$8 million at the end of FY 2024. Most of the fund balance (\$5.5 million) is restricted by state statutes or grant donor covenants. The remainder is committed by Council resolutions. Revenues were \$11.1 million (82%) lower in FY 2024 than FY 2023 as we did not have as much in capital grants awarded and earned. FY 2023 was an exceptionally high year for capital grants. Likewise, capital outlays were 85% lower (\$32.6 million) in FY 2024 (\$5.8 million) than FY 2023 (\$38.5 million). In FY 2023 the Capital Projects fund purchased over \$20 million in land for park development and to complete a roadway connection, while in FY 2024 the Capital Projects fund expenditures were primarily aimed at renewal and replacement of infrastructure and equipment.

Okaloosa Half Penny Fund

The Okaloosa Half Penny Fund is the third largest governmental fund. The residents of Okaloosa County voted in a half-penny infrastructure surtax for the ten-year period beginning January 2019. Council has committed these funds to be expended on beach park acquisition and development, undergrounding overhead utilities, renewing stormwater infrastructure, and to address traffic safety issues. During FY 2024, the Okaloosa Half Penny fund balance increased \$1.3 million. The City received 12% more (\$211 thousand) revenue in FY 2024 than FY 2023, evenly split between interest income from a money market account and a slight increase in half penny sales tax shared by Okaloosa County. Expenditures were \$61 thousand lower in FY 2024 than FY 2023. In FY 2024 the City used \$230 thousand for the Undergrounding initiative and expended nearly \$27,000 thousand to address flow issues at a stormwater fallout near Joe's Bayou at Mattie Kelly Nature Trail and Park. Beach park development is in the construction bid solicitation process and expenditures will increase in FY 2025. Undergrounding of overhead utilities broke ground late in FY 2024 and expenditures will be significant in FY 2025.

CRA Town Center Special Revenue Fund

The CRA Town Center Special Revenue fund is the fourth largest governmental fund. The CRA Town Center Special Revenue fund balance increased \$1.1 million, from a negative fund balance of \$963 thousand at the end of FY 2023 to a positive fund balance of \$210 thousand at the end of FY 2024. Ad valorem tax and tax incremental financing revenues increased \$394 thousand (23%) from \$1.7 million collected in FY 2023 to \$2 million in FY 2024 because taxable property values in this area increased in this primarily commercial area. Expenditures remained neutral. The Town Center CRA district continues to repay debt borrowed in 2005 that widened Main Street and put in streetlights. An engineering design is nearly complete to construct a multi-modal pathway that will connect several neighborhoods and parks that border commercial and residential areas.

CRA Harbor Special Revenue Fund

The CRA Harbor Special Revenue fund is the fifth largest governmental fund. The Harbor CRA fund balance decreased from \$730 thousand at the end of FY 2023 to negative \$7.8 million at the end of FY 2024. Early in FY 2024, the Harbor CRA district purchased five parcels of land at the foot of the Marler Bridge which is a significant entry point into the City of Destin's Harbor District. A refunding resolution is in place to refund the Harbor CRA fund upon issuance of debt. The land at the foot of the Marler Bridge is under review for development into public space to include a park and pedestrian pathways connecting the north side of highway US-98 to the harbor and boardwalks on the south side of highway US-98.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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

The Employee Thrift Plan had a restricted net position at September 30, 2024 of \$7.5 million. The total increase in net position was \$1.7 million. Most of this increase was the change in value of the portfolio, which increased \$1.4 million. The remainder is the net of employer contributions net of withdrawals by former employees. Over 98% of the assets are invested in mutual funds managed by Benjamin F. Edwards.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The adopted budget for revenue was adjusted during FY 2024 to account for \$156 thousand in additional grants (intergovernmental revenues) awarded during the year. The expenditure budget was likewise increased \$156 thousand for the expenditure side of the grant awarded.
- As per City budgeting policy, prior year encumbrances rolled forward in the General Fund accounts for \$378 thousand of additional expenditures added to the FY 2024 adopted general fund budget.
- The final adjustment to the FY 2024 adopted General Fund budget was to increase the transfers out to cover \$69 thousand of prior year encumbrances in the capital projects fund.
- Actual General Fund revenues collected were over \$400 thousand more than the final adopted budget. Investment earnings were \$1 million higher than anticipated due to nation-wide interest rate changes. This was offset by intergovernmental revenue collects that were \$600 thousand lower than anticipated. Intergovernmental revenues include grants, which are "earned" as expended, and also includes shared revenues from the State and the County (i.e. gas taxes and sales taxes).
- Actual General Fund expenditures were \$2.4 million lower than the final adopted budget. Culture and recreation expenditures account for nearly \$1 million of this amount. Most of the underspend was related to our inability to attract and retain staff. There were also a few hundred thousand dollars earmarked for professional services, such as hiring a firm to write a fresh Parks and Recreation Master Plan, which were delayed until next year. General Government and Physical Environment activities account for the remaining underspend. Details are provided on the next page.

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

Transfers In

When this budget was adopted, the City had planned to purchase approximately \$9 million in land and adopted a reimbursement resolution to issue debt for the purchase. Originally, the City planned to purchase the land in October 2023 and then to take in the debt the summer of 2024. The loan timing was delayed, and so the subsequent transfer in of \$8.6 million into the General Fund did not occur during fiscal year 2024.

Revenues

The General Fund actual revenue results were \$407 thousand (1.9%) higher in total than budgeted, primarily attributed to the following reasons:

- Investment income was \$1 million higher than budgeted. Money market and bank interest rates increased from 1% in prior years to an average over 4% during FY 2024. In addition, late in FY 2023 the City tightened up short-term investment processes to maintain higher balances in cash equivalents that pay higher interest rates.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

- Intergovernmental revenues were \$600 thousand (16%) lower than budgeted. An FDEP sea-level rise vulnerability study grant was amended increasing both time and grant award to earn \$200 thousand in FY 2025 instead of FY 2024. Our TDC waterfront operations grant was underspent by \$200 thousand due to staff turnover and difficulty maintaining full staffing levels. Last, the infrastructure surtax shared by the County was nearly \$158 thousand lower than anticipated. Tourism and sales in Okaloosa county were all approximately 5% lower in FY 2024, after a four year streak of 3 – 5% year-over-year growth.
- Licenses and permits were \$410 thousand lower than budgeted. This was primarily due to lower electric franchise fee collections (\$257 thousand lower) and fewer rental registration fees were collected (\$175 thousand lower).

Expenditures

The General Fund actual expenditure results were \$2.4 million (14%) lower in total than budgeted for the following reasons:

- Culture and recreation is the main category with the largest difference between budget and actual expenditures. During FY 2024, actual expenditures were \$985 thousand (19%) lower than the final adopted budget. Culture and recreation accounts for over 50% of the City's personnel and activities, and understaffing led to significant underspending for parks and recreation. The City planned to hire a professional firm to update our Parks Master plan, however, staffing shortages resulted in solicitation delays, and a firm has not yet been hired for this task.
- General Government expenditures were \$755 thousand (15%) lower than anticipated. Approximately \$500 thousand was budgeted for professional services that were not encumbered. An additional \$200 thousand is related to staffing shortages and key positions that remained vacant for most of the year in community development.
- Physical Environment is the third category with a significant difference between budget and actual expenditures. This is related to the timing of the sea-level rise vulnerability study that started later in the year than anticipated. Due to timing issues, the City expended approximately \$200 thousand less than expected by the end of FY 2024.

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

- Sheriff's Contract: The City provides law enforcement services through a contract with the Okaloosa County Sheriff's Office. This contract provides for all patrol activities including, beach patrol, marine patrol, and investigations.
- Capital Outlays: The City Council approved a capital improvement plan for the fiscal year 2024 budget that reflects the immediate needs of the City. The majority of capital outlays are tracked in the Capital Projects fund. These projects include improvements for public beach access, constructing an alternative route parallel to Highway 98 to access residential and commercial areas, addition of multi-modal pathways, expansion of parks and recreational amenities, and the continued work on renewing and replacing aged components of facilities and infrastructure.
- Beach Safety Patrol: For the eighteenth year, the Council approved funding (\$100,000 in 2024) to support the beach safety patrol operated by the Destin Fire Control District. The funding supports the labor, equipment and operational needs of the patrol activities. Okaloosa County and the Okaloosa County Tourist Development Council significantly support the beach and water safety through the Destin Fire Control District.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of September 30, 2024, was \$152.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads and sidewalks, and stormwater infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$17.5 million or 14% overall, and is summarized as follows:

Table 4				
Capital Assets				
(net of accumulated depreciation)				
Governmental Activities				
	2024	2023	\$ Change	% Change
Land	\$ 93,669,988	\$ 51,970,597	\$ 41,699,391	80%
Buildings	6,122,814	6,268,042	(145,228)	-2%
Improvements other than buildings	16,374,076	17,355,410	(981,334)	-6%
Infrastructure	26,214,768	55,920,408	(29,705,640)	-53%
Machinery and equipment	3,481,203	3,208,552	272,651	8%
Library, media and art	149,755	140,940	8,815	6%
Construction in progress	6,323,417	4,947,197	1,376,220	28%
Total capital assets	<u>\$ 152,336,021</u>	<u>\$ 139,811,146</u>	<u>\$ 12,524,875</u>	<u>9%</u>

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

- In preparation to move into a new accounting system, the land portion of infrastructure was reclassified to land, leaving only the depreciable improvements to roadways classified as "infrastructure". This accounts for \$29.7 million of the increase in the Land category.
- The City purchased land at the foot of the Marler Bridge entryway into Destin to develop into public space (\$9 million). In addition, the City purchased two more parcels for right-of-way to complete all land purchases needed to construct the cross town connector roadway (\$293 thousand).
- The City invested \$2.9 million towards renewing roadway, sidewalk, and stormwater infrastructure.
- The City invested approximately \$900 thousand to replace aged equipment to include a bucket truck, a streetsweeper, and 13 other vehicles for parks and recreation and public works.
- The City invested approximately \$500 thousand to replace aged land improvements, including laying fresh sod on five athletic fields at Morgan's Sport Center and replacing significant components of the Destin Harbor pump to maintain good water quality in the Destin Harbor.
- The City invested approximately \$200 thousand in renewing facilities to include replacing flooring and HVAC units at the Library, Community Center, and other Park operation facilities.

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

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

LONG TERM DEBT

At September 30, 2024, the City had total revenue notes payable of \$22.4 million. The majority of the City's debt represents notes secured solely by specified revenue sources (i.e. revenue notes). The City has no general obligation or special assessment debt. For general obligation debt greater than one year, the City is required to conduct a voter referendum process for approval.

Table 5 Outstanding Debt				
	Governmental Activities			
	2024	2023	\$ Change	% Change
Revenue notes	\$ 22,415,005	\$ 25,290,382	\$ (2,875,377)	-11%
Financed purchases	205,998	239,042	(33,044)	-14%
Total debt	\$ 22,621,003	\$ 25,529,424	\$ (2,908,421)	-11%

During 2024, the City did not add any new revenue notes. The City added \$121 thousand in financed purchases, signing two software agreements and a time extension on our lease for the Morgan Sport Center land.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The City revenue forecast can be categorized into three major categories. The first category is recurring tax revenues, such as ad valorem and sales and use taxes. The City's ad valorem revenues have been increasing this past four years at 5-7% a year. The tax levy for FY 2025 is estimated to be 7.9% higher than FY 2024. Shared sales and gas taxes have slowed down to a 1 – 3% increase year over year. During 2024, the City noticed the beginning of a decline in tourism in the form of slightly lower short-term rentals and a stalling of sales and gas tax receipts. The FY 2024, sales taxes were 0.7% higher than FY 2023, and the State of Florida's Office of Tax Research projects the City will receive 1% less in FY 2025.

The second category is grants (recurring and non-recurring). The City has a strong base of approximately \$800 thousand per year in recurring operating grants for parks, the library, and transportation (median and streetlight maintenance). Capital grants are generally non-recurring. For fiscal year 2025, the City will be investing \$7.6 million into parks, roadways and stormwater infrastructure from non-recurring grants from Federal, State, and County sources. These additional one-time grants account for 12% of the adopted FY 2025 expenditure budget of \$64.7 million.

CITY OF DESTIN, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

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

On the expenditure forecast side, the primary driver for expenditures is the capital outlays. The FY 2025 budget is split approximately 40/60, with 40% of the budget for general operations and 60% for capital improvements. The top three capital projects currently underway are: (1) Undergrounding of overhead utilities; (2) Cross town connector roadway; and (3) Beach park development. Construction will be in full force during FY 2025 for the undergrounding projects. All of the land needed to construct the cross town connector has been purchased, and construction will begin as soon as all permits and contractor solicitation has been completed (estimated summer 2025). In cooperation with the Okaloosa County Tourism Development Council, the City has purchased land at the Shores of Crystal Beach and at Tarpon Beach. The development of these two locations will include pavilion, restrooms, showers, and paved parking areas for low speed and regular vehicles. Construction is anticipated to start at Tarpon beach in the spring/summer of 2025.

The operating expenditure forecast for FY 2025 is estimated to be \$25.3 million. The largest operating expenditure is for personnel. For FY 2025 we anticipate personnel costs to be 17% higher (\$1.5 million) than actuals for FY 2024. FY 2024 actuals were lower than anticipated due to turnover and difficulty filling positions. Council granted a 2.9% cost of living (COLA) increase effective October 1, 2024, and the FY 2025 budget assumes up to a 4% merit increase based on performance evaluations which occur upon an employee's hire date anniversary. Two new full-time positions (one for IT and one for Community Development) were adopted for FY 2025. At the same time, Code Compliance, Finance and Stormwater departments have placed a freeze upon 5.45 FTEs to save costs for FY 2025. Health benefit costs increased 6% for FY 2025 (\$106 thousand), same as 5-7% of prior years. Contractual service is the second largest operating expenditure category, which we expect to increase by 40% (\$1.6 million) above FY 2024 actuals. Most of the \$1.6 million increase is related to master planning and other studies.

The City began investing heavily in new technology to expand e-government services even before the COVID-19 pandemic. In June 2021, our e-government software "COMPASS" went live. Since offering our citizens and developers ways to attain permits and licenses online, we have cut processing time significantly. Items that previous took 40+ days to accomplish are now commonly being accomplished in 10-15 days. During FY 2025, the City plans to continue upgrading this technology and working with software consultants to streamline these processes. Although implementation is costly, we estimate significant cost savings over the long-run to be recognized as early as FY 2026.

Regional economic indicators were also considered in preparing the 2025 budget.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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CITY OF DESTIN, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 19,370,972
Investments	15,618,466
Restricted asset, cash and cash equivalents	11,072,783
Accounts receivable	338,874
Due from other governments	554,599
Prepaid items	10,913
Deposits	245
Capital assets	
Non-depreciable	99,993,405
Depreciable, net	52,342,616
Total assets	<u>199,302,873</u>
Deferred outflows of resources	
Deferred charge on refunding	46,652
Total deferred outflows of resources	<u>46,652</u>
Liabilities	
Accounts payable	783,109
Unearned revenue	1,096,320
Accrued liabilities	363,490
Accrued interest	106,517
Noncurrent liabilities	
Due within one year	3,130,931
Due in more than one year	19,950,450
Total liabilities	<u>25,430,817</u>
Net position	
Net investment in capital assets	129,525,200
Restricted for	
Capital improvements	5,577,221
Debt service	362,653
Florida Building Code enforcement	202,698
Community redevelopment	210,970
Water quality improvements	352,166
Unrestricted	37,687,800
Total net position	<u>\$ 173,918,708</u>

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

CITY OF DESTIN, FLORIDA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities:					
General government	\$ 4,415,633	\$ 18,471	\$ -	\$ -	\$ (4,397,162)
Public safety	5,222,285	2,059,874	-	-	(3,162,411)
Physical environment	1,093,567	170,798	-	491,713	(431,056)
Transportation	3,295,759	977,736	131,993	146,575	(2,039,455)
Economic environment	178,185	-	-	-	(178,185)
Human services	74,829	-	-	-	(74,829)
Culture/recreation	5,122,449	577,336	706,469	892,312	(2,946,332)
Interest on long-term debt	467,439	-	-	-	(467,439)
Total governmental activities	<u>\$ 19,870,146</u>	<u>\$ 3,804,215</u>	<u>\$ 838,462</u>	<u>\$ 1,530,600</u>	<u>(13,696,869)</u>
		General revenues			
		Property taxes			14,335,084
		Sales, use and fuel taxes			2,502,665
		Communication services taxes			973,727
		Other general taxes			152,785
		Franchise taxes			3,243,280
		Unrestricted state revenue sharing			2,400,830
		Impact fees			171,129
		Investment income			2,174,754
		Miscellaneous income			159,406
		Total general revenues and transfers			<u>26,113,660</u>
		Change in net position			12,416,791
		Net position, beginning of year			161,501,917
		Net position, end of year			<u>\$ 173,918,708</u>

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

CITY OF DESTIN, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

		Special Revenue					
	General Fund	CRA Town Center Fund	Okaloosa Half-Penny Fund	CRA Harbor Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 8,230,672	\$ -	\$ 6,911,724	\$ -	\$ 1,794,711	\$ 2,433,865	\$ 19,370,972
Investments	15,618,466	-	-	-	-	-	15,618,466
Due from other funds	25,554	-	-	-	-	-	25,554
Due from other governments	317,257	-	190,682	-	46,660	-	554,599
Accounts receivable	248,468	-	-	-	90,406	-	338,874
Advance to other funds	10,661,624	-	-	-	-	-	10,661,624
Prepaid items	10,913	-	-	-	-	-	10,913
Deposits	245	-	-	-	-	-	245
Restricted cash and cash equivalents	-	2,377,589	-	672,548	7,073,266	949,380	11,072,783
Total assets	<u>\$ 35,113,199</u>	<u>\$ 2,377,589</u>	<u>\$ 7,102,406</u>	<u>\$ 672,548</u>	<u>\$ 9,005,043</u>	<u>\$ 3,383,245</u>	<u>\$ 57,654,030</u>
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 494,239	\$ 4,117	\$ 42,249	\$ 2,229	\$ 236,470	\$ 3,805	\$ 783,109
Accrued liabilities	331,962	878	-	878	-	29,772	363,490
Unearned revenue	379,714	-	-	-	716,606	-	1,096,320
Due to other funds	-	-	-	-	25,554	-	25,554
Advance from other funds	-	2,161,624	-	8,500,000	-	-	10,661,624
Total liabilities	<u>1,205,915</u>	<u>2,166,619</u>	<u>42,249</u>	<u>8,503,107</u>	<u>978,630</u>	<u>33,577</u>	<u>12,930,097</u>
Fund balances							
Nonspendable	10,672,782	-	-	-	-	-	10,672,782
Restricted	-	210,970	-	-	5,577,221	917,517	6,705,708
Committed	13,562,068	-	7,060,157	-	2,449,192	2,432,151	25,503,568
Unassigned	9,672,434	-	-	(7,830,559)	-	-	1,841,875
Total fund balances	<u>33,907,284</u>	<u>210,970</u>	<u>7,060,157</u>	<u>(7,830,559)</u>	<u>8,026,413</u>	<u>3,349,668</u>	<u>44,723,933</u>
Total liabilities and fund balances	<u>\$ 35,113,199</u>	<u>\$ 2,377,589</u>	<u>\$ 7,102,406</u>	<u>\$ 672,548</u>	<u>\$ 9,005,043</u>	<u>\$ 3,383,245</u>	<u>\$ 57,654,030</u>

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

CITY OF DESTIN, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

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

Total fund balances - governmental funds \$ 44,723,933

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

Governmental non-depreciable assets	\$ 99,993,405	
Governmental depreciable assets	97,434,015	
Accumulated depreciation	<u>(45,091,399)</u>	152,336,021

Deferred amounts on refunding are not financial resources but are reported as a liability in the statement of net position includes these charges, net of amortization. 46,652

Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.

Notes payable	(22,621,003)	
Accrued interest payable	(106,517)	
Compensated absences	(405,374)	
Total OPEB Liability	<u>(55,004)</u>	<u>(23,187,898)</u>

Net position of governmental activities \$ 173,918,708

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

CITY OF DESTIN, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Special Revenue			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		CRA Town Center Fund	Okaloosa Half-Penny Fund	CRA Harbor Fund			
Revenues							
Taxes	\$ 12,927,678	\$ 2,078,235	\$ -	\$ 987,062	\$ 234,112	\$ -	\$ 16,227,087
Licenses and permits	3,343,823	-	-	-	907,658	956,189	5,207,670
Impact fees	-	-	-	-	171,129	-	171,129
Intergovernmental revenues	3,243,574	-	1,737,174	-	687,600	750,000	6,418,348
Charges for services	722,920	-	-	-	-	1,021,421	1,744,341
Fines and forfeitures	57,434	-	-	-	-	38,050	95,484
Investment income	1,442,183	92,127	222,595	28,069	282,681	107,099	2,174,754
Contributions	7,718	-	-	-	81,000	-	88,718
Miscellaneous revenues	104,841	-	-	29,093	9,017	-	142,951
Total revenues	<u>21,850,171</u>	<u>2,170,362</u>	<u>1,959,769</u>	<u>1,044,224</u>	<u>2,373,197</u>	<u>2,872,759</u>	<u>32,270,482</u>
Expenditures							
Current							
General government	4,221,550	-	-	-	49	79	4,221,678
Public safety	4,095,306	-	-	-	47,074	1,051,494	5,193,874
Physical environment	363,033	-	3	-	-	11,998	375,034
Transportation	1,879,843	-	-	-	4,158	97,626	1,981,627
Economic development	14,452	88,499	-	75,234	-	-	178,185
Human services	74,829	-	-	-	-	-	74,829
Culture and recreation	4,313,088	-	-	-	-	-	4,313,088
Capital outlay	200,700	175,218	260,964	9,047,363	5,705,189	265,061	15,654,495
Debt service							
Principal retirement	41,161	-	-	-	96,889	2,875,377	3,013,427
Interest	5,378	-	-	-	3,491	466,560	475,429
Total expenditures	<u>15,209,340</u>	<u>263,717</u>	<u>260,967</u>	<u>9,122,597</u>	<u>5,856,850</u>	<u>4,768,195</u>	<u>35,481,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,640,831</u>	<u>1,906,645</u>	<u>1,698,802</u>	<u>(8,078,373)</u>	<u>(3,483,653)</u>	<u>(1,895,436)</u>	<u>(3,211,184)</u>
Other financing sources (uses)							
Issuance of debt	121,461	-	-	-	-	-	121,461
Transfers in	-	-	-	-	4,105,336	2,763,646	6,868,982
Transfers out	(5,229,613)	(731,928)	(353,648)	(482,835)	-	(70,958)	(6,868,982)
Total other financing sources, net	<u>(5,108,152)</u>	<u>(731,928)</u>	<u>(353,648)</u>	<u>(482,835)</u>	<u>4,105,336</u>	<u>2,692,688</u>	<u>121,461</u>
Change in fund balances	<u>1,532,679</u>	<u>1,174,717</u>	<u>1,345,154</u>	<u>(8,561,208)</u>	<u>621,683</u>	<u>797,252</u>	<u>(3,089,723)</u>
Fund balances (deficit), beginning of year	<u>32,374,605</u>	<u>(963,747)</u>	<u>5,715,003</u>	<u>730,649</u>	<u>7,404,730</u>	<u>2,552,416</u>	<u>47,813,656</u>
Fund balances (deficit), end of year	<u>\$ 33,907,284</u>	<u>\$ 210,970</u>	<u>\$ 7,060,157</u>	<u>\$ (7,830,559)</u>	<u>\$ 8,026,413</u>	<u>\$ 3,349,668</u>	<u>\$ 44,723,933</u>

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

CITY OF DESTIN, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balances – total governmental funds	\$ (3,089,723)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$ 15,654,494	
Less current year depreciation	<u>(3,129,619)</u>	12,524,875

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayment of long-term debt		3,013,427
Financed purchase termination		16,455
Issuance of new debt		<u>(121,461)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(68,652)	
Amortization of bond premium	(6,623)	
Change in accrued interest	7,990	
OPEB expense	<u>140,503</u>	<u>73,218</u>

Change in net position of governmental activities	<u>\$ 12,416,791</u>
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CITY OF DESTIN, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,717,458	\$ 12,717,458	\$ 12,927,678	\$ 210,220
Licenses and permits	3,754,770	3,754,770	3,343,823	(410,947)
Intergovernmental revenues	3,706,814	3,862,814	3,243,574	(619,240)
Charges for services	615,310	615,310	722,920	107,610
Fines and forfeitures	109,400	109,400	57,434	(51,966)
Investment income	373,930	373,930	1,442,183	1,068,253
Contributions	3,880	3,880	7,718	3,838
Miscellaneous revenues	5,201	5,201	104,841	99,640
Total revenues	<u>21,286,763</u>	<u>21,442,763</u>	<u>21,850,171</u>	<u>407,408</u>
Expenditures				
Current				
General government	4,798,223	4,976,992	4,221,550	(755,442)
Public safety	4,264,211	4,255,691	4,095,306	(160,385)
Physical environment	459,106	613,732	363,033	(250,699)
Transportation	2,075,554	2,048,794	1,879,843	(168,951)
Economic environment	14,600	14,600	14,452	(148)
Human services	89,956	107,370	74,829	(32,541)
Culture/recreation	5,328,548	5,298,661	4,313,088	(985,573)
Capital outlay	196,560	212,560	200,700	(11,860)
Debt service				
Principal retirement	18,814	91,592	41,161	(50,431)
Interest	3,909	7,563	5,378	(2,185)
Total expenditures	<u>17,249,481</u>	<u>17,627,555</u>	<u>15,209,340</u>	<u>(2,418,215)</u>
Excess of revenues over expenditures	<u>4,037,282</u>	<u>3,815,208</u>	<u>6,640,831</u>	<u>(2,010,807)</u>
Other financing sources (uses)				
Issuance of debt	50,000	50,000	121,461	71,461
Transfers in	8,600,000	8,600,000	-	(8,600,000)
Transfers out	(15,597,515)	(15,666,470)	(5,229,613)	10,436,857
Total other financing sources (uses)	<u>(6,947,515)</u>	<u>(7,016,470)</u>	<u>(5,108,152)</u>	<u>1,908,318</u>
Change in fund balance	<u>(2,910,233)</u>	<u>(3,201,262)</u>	<u>1,532,679</u>	<u>(102,489)</u>
Fund balance, beginning of year	<u>32,374,605</u>	<u>32,374,605</u>	<u>32,374,605</u>	<u>-</u>
Fund balance, end of year	<u>\$ 29,464,372</u>	<u>\$ 29,173,343</u>	<u>\$ 33,907,284</u>	<u>\$ (102,489)</u>

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

CITY OF DESTIN, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CRA TOWN CENTER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 2,080,379	\$ 2,080,379	\$ 2,078,235	\$ (2,144)
Investment earnings	1,350	1,350	92,127	90,777
Total revenues	<u>2,081,729</u>	<u>2,081,729</u>	<u>2,170,362</u>	<u>88,633</u>
Expenditures				
Current				
Economic development	181,543	217,126	88,499	128,627
Capital outlay	-	373,738	175,218	198,520
Total expenditures	<u>181,543</u>	<u>590,864</u>	<u>263,717</u>	<u>327,147</u>
Excess of revenues over expenditures	<u>1,900,186</u>	<u>1,490,865</u>	<u>1,906,645</u>	<u>415,780</u>
Other financing (uses)				
Transfers out	(961,660)	(961,660)	(731,928)	229,732
Total other financing (uses)	<u>(961,660)</u>	<u>(961,660)</u>	<u>(731,928)</u>	<u>229,732</u>
Change in fund balance	938,526	529,205	1,174,717	645,512
Fund balance (deficit), beginning of year	(963,747)	(963,747)	(963,747)	-
Fund balance (deficit), end of year	<u>\$ (25,221)</u>	<u>\$ (434,542)</u>	<u>\$ 210,970</u>	<u>\$ 645,512</u>

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

CITY OF DESTIN, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
OKALOOSA HALF PENNY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,726,259	\$ 1,726,259	\$ 1,737,174	\$ 10,915
Investment earnings	4,760	4,760	222,595	217,835
Total revenues	<u>1,731,019</u>	<u>1,731,019</u>	<u>1,959,769</u>	<u>228,750</u>
Expenditures				
Current				
Physical Environment	-	3	3	-
Capital outlay	1,935,000	2,807,978	260,964	2,547,014
Total expenditures	<u>1,935,000</u>	<u>2,807,981</u>	<u>260,967</u>	<u>2,547,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203,981)</u>	<u>(1,076,962)</u>	<u>1,698,802</u>	<u>2,775,764</u>
Other financing (uses)				
Transfers out	(353,648)	(353,648)	(353,648)	-
Total other financing (uses)	<u>(353,648)</u>	<u>(353,648)</u>	<u>(353,648)</u>	<u>-</u>
Change in fund balance	<u>(557,629)</u>	<u>(1,430,610)</u>	<u>1,345,154</u>	<u>2,775,764</u>
Fund balance, beginning of year	<u>5,715,003</u>	<u>5,715,003</u>	<u>5,715,003</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,157,374</u>	<u>\$ 4,284,393</u>	<u>\$ 7,060,157</u>	<u>\$ 2,775,764</u>

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

CITY OF DESTIN, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CRA HARBOR FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 983,120	\$ 983,120	\$ 987,062	\$ 3,942
Investment earnings	1,450	1,450	28,069	26,619
Miscellaneous revenues	-	-	29,093	29,093
Total revenues	<u>984,570</u>	<u>984,570</u>	<u>1,044,224</u>	<u>59,654</u>
Expenditures				
Current				
Economic environment	132,533	163,947	75,234	88,713
Capital outlay	9,100,000	9,100,000	9,047,363	52,637
Total expenditures	<u>9,232,533</u>	<u>9,263,947</u>	<u>9,122,597</u>	<u>141,350</u>
Deficiency of revenues under expenditures	<u>(8,247,963)</u>	<u>(8,279,377)</u>	<u>(8,078,373)</u>	<u>201,004</u>
Other financing sources (uses)				
Transfers in	17,501,307	17,501,307	-	(17,501,307)
Transfers out	(9,336,335)	(9,336,335)	(482,835)	8,853,500
Total other financing sources (uses)	<u>8,164,972</u>	<u>8,164,972</u>	<u>(482,835)</u>	<u>(8,647,807)</u>
Change in fund balance	(82,991)	(114,405)	(8,561,208)	(8,446,803)
Fund balance, beginning of year	<u>730,649</u>	<u>730,649</u>	<u>730,649</u>	<u>-</u>
Fund balance, end of year	<u>\$ 647,658</u>	<u>\$ 616,244</u>	<u>\$ (7,830,559)</u>	<u>\$ (8,446,803)</u>

CITY OF DESTIN, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2024

Assets

Cash and cash equivalents	\$ 113,739
Investments:	
Mutual Funds	<u>7,365,977</u>
Total assets	<u><u>\$ 7,479,716</u></u>

Net Position

Restricted for pension benefits	<u>\$ 7,479,716</u>
Total fund balances	<u>7,479,716</u>
 Total liabilities and fund balances	 <u><u>\$ 7,479,716</u></u>

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

CITY OF DESTIN, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Additions

Contributions	
Employer contributions	\$ 667,643
Investment income	
Net change in fair value of investments	1,144,706
Interest and dividends	<u>289,674</u>
Total additions	<u>2,102,023</u>

Deductions

Administration expenses	9,068
Benefits and other withdrawals	<u>330,386</u>
Total deductions	<u>339,454</u>

Change in net position	<u>1,762,569</u>
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Fund balances , beginning of year	<u>5,717,147</u>
Fund balances , end of year	<u><u>\$ 7,479,716</u></u>

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

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

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

- The Community Redevelopment Agency (CRA) – Town Center CRA Special Revenue Fund was established by Resolution on March 3, 1998 and is governed by the members of the City Council. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated town center area. The CRA - Town Center is reported as a special revenue fund using the blended method. Separate financial information for the CRA - Town Center can be obtained from the City.
- The Community Redevelopment Agency (CRA) – Harbor CRA Special Revenue Fund was established by Resolution on June 3, 2003 and is governed by the members of the City Council. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated harbor area. The CRA - Harbor is reported as a special revenue fund using the blended method. Separate financial information for the CRA - Harbor can be obtained from the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within six months of the end of the fiscal year. For all other revenues, the period is 60 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments which are recognized when due. Allocations of non-cash costs, such as depreciation, are not recognized in governmental funds.

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

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

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

The City reports the following major funds:

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Community Redevelopment Agency – Harbor Special Revenue Fund – This fund is used to account for the proceeds of specific revenues (Tax Increment Financing Trust Funds) and the redevelopment activities relating to the City of Destin's Harbor District.

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

Fiduciary Funds

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

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

Cash and Cash Equivalents

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

Deposits and Investments

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

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

The City's investments and portfolio allocation is determined by the City Council by resolution adopting an investment policy. The portfolio of investments is maintained by an investment advisory firm as overseen by the Finance Director who provides a portfolio report quarterly to Council. The report provides a breakdown of the portfolio as well as its overall performance.

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fair Value Measurements and Disclosures

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at September 30, 2024.

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

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

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

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

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

Certificates of deposit - Valued at fair value.

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Services provided, deemed to be at market, or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectibles. The City's allowance estimate is based on historical collection experience and a review of the current status of accounts receivable.

At September 30, 2024, the City considers all receivables collectible and accordingly does not have an allowance.

Property Taxes

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

Lien date	January 1, 2023
Levy date	November 1, 2023
Due date	March 31, 2024
Delinquency date	April 1, 2024

Discounts of 1% for each month taxes are paid prior to March 2024 are granted. Revenue recognition criteria for property taxes under GASB requires that only property taxes expected to be collected within 60 days of the current period be accrued. Property taxes which are uncollected as of the end of the fiscal year are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable at the balance sheet date.

Capital Assets

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50 years
Improvements other than buildings	10 - 50 years
Machinery, equipment and vehicles	5 - 10 years
Infrastructure	20 - 40 years
Books, publications, etc.	5 - 10 years

Compensated Absences

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

Sick Leave

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

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

Vacation Leave

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

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation leave is earned as follows:

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

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

Regular employees who resign or are terminated in good standing shall receive pay for their accrued and unused annual leave. Only a full calendar month of employment will be considered in computing vacation leave and will be based upon the employee's regular rate of pay at separation. At September 30, 2024, the City had \$380,875 recorded as accumulated vacation leave.

Compensatory Leave

Compensatory leave is accrued at one hour for every hour worked in excess of 40 for the week. Following an initial probationary period, an employee can use accumulated compensatory time as accrued. The maximum number of hours of compensatory leave that can be carried over from one calendar year to the next is 160 hours. There is no limit (other than limitations as a result of the calendar year roll-over limitation) on the number of hours of accumulated compensatory leave to be paid out to employees who resign or are terminated in good standing. All compensatory leave is liquidated in the General Fund. At September 30, 2024, the City had \$24,499 recorded as accumulated compensatory leave.

Liabilities

In the statement of net position, liabilities are classified as current and non-current. At September 30, 2024, the City had \$1,096,320 in unearned revenue recorded under current liabilities. This amount includes \$83,424 for fiscal year 2024 business licenses, \$262,290 for sidewalk infrastructure costs not yet incurred, and \$716,606 for the American Rescue Plan Act's State and Local Fiscal Recovery Funds received but not yet expended. These amounts have been received but have not yet been earned. They will be earned upon expenditure of a qualifying expense. If they are not expended for a qualifying expense then they must be returned.

Long-Term Obligations

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

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Benefits

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2024, the City had \$46,652 recorded as deferred charge on refunding.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2024, the City had no deferred inflows.

Fund Balance

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

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

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

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

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

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Estimates

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

Budgetary Information

Budgets are adopted on a basis consistent with GAAP for the current fiscal year. For the year ended September 30, 2024, annual appropriated budgets were adopted by ordinance for all governmental funds. All appropriations lapse at year-end except for appropriations encumbered by purchase orders.

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

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS

The City's investments at September 30, 2024 consist of the following:

Investments - Governmental Funds	Maturity	Rating	Fair Value
U.S. Treasuries	12/15/24-05/15/34	Aaa	\$ 5,595,225
Mortgage and asset backed securities	11/15/24-06/01/45	AA+ to AAA	8,627,805
Municipals	03/15/30-08/01/30	AA- to AAA	102,436
Investment grade corporate bonds	10/26/24-09/09/34	BBB+ to AA+	1,293,000
Total investments - governmental funds			<u>\$ 15,618,466</u>

Investments - Pension Funds	Fair Value
American AMCAP Fund, Class A	\$ 595,627
American US Gov Money Market Fund Class A	551,710
American Bond Fund of America, Class A	568,014
American Capital Income Building Fund Class A	1,328,178
Europacific Growth Fund Class A	1,022,418
American Intermediate Bond Fund of America Class A	576,892
American Investment Company of America Class A	2,430,831
American Short-Term Bond Fund of America Class A	292,307
Total investments - pension fund	<u>\$ 7,365,977</u>

These investments are classified as Level 1.

Credit Risk

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

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. Although it has no formal policy, the City minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and maintains significant amounts of investments in short-term securities. The average portfolio maturity shall not be more than five years.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City has no formal policy for custodial risk. At September 30, 2024, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. The City does not have a formal policy that requires diversification of the portfolio with maximum limits per investment type. At September 30, 2024, the City held 36%, 17%, and 14% of its investment balance in U.S. Treasury notes, Freddie Mac, and Fannie Mae respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2024 were as follows:

	Governmental Activities
Franchise fees	\$ 245,628
Electric franchise fee (restricted)	90,406
Other	2,840
	<u>\$ 338,874</u>

NOTE 5 – DUE FROM OTHER GOVERNMENTS

The amount due from other governments at September 30, 2024, were composed of the following:

	Governmental Activities
State of Florida:	
State Shared Taxes (1/2 Cent Sales Tax)	\$ 142,950
FDEP Operating Grant Leonard Destin Park	45,329
FDOT Operating Grant for Median Maintenance via Ferrovial	3,302
FDOT Capital Grant to design Linear Trail Park	37,456
FDEP Operating Grant Vulnerability Assessment	34,000
 Okaloosa County:	
Tourist Development Council - Beach Operations	91,676
Tourist Development Council - Interlocal Agreement (capital project grants)	9,204
Okaloosa Half Penny Surtax (shared tax)	190,682
	<u>\$ 554,599</u>

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

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

	Receivable	Payable
General Fund	\$ 25,554	\$ -
Capital Project Fund	-	25,554
	<u>\$ 25,554</u>	<u>\$ 25,554</u>

The General Fund advanced funds to the CRA Town Center Special Revenue Fund to make debt service payments and to the CRA Harbor Special Revenue Fund to purchase property in 2024.

	Advance From	Advance To
General Fund	\$ 10,661,624	\$ -
CRA Town Center Special Revenue Fund	-	2,161,624
CRA Harbor Special Revenue Fund	-	8,500,000
	<u>\$ 10,661,624</u>	<u>\$ 10,661,624</u>

All transfers are routine and are consistent with the activities of the funds making the transfer. The following presents the interfund transfers for the year ended September 30, 2024:

	Transfers In	Transfer Out
General Fund ⁽¹⁾	\$ -	\$ 5,229,613
CRA Town Center ⁽²⁾	-	731,928
CRA Harbor ⁽³⁾	-	482,835
Florida Building Code ⁽⁴⁾	-	70,958
Other Special Revenue Funds ⁽⁵⁾	171,778	353,648
2013 Debt Service Fund ⁽⁶⁾	553,426	-
2014 Debt Service Fund ⁽⁷⁾	731,928	-
2021 Debt Service Fund ⁽⁸⁾	1,306,514	-
Capital Project Funds ⁽⁹⁾	4,105,336	-
	<u>\$ 6,868,982</u>	<u>\$ 6,868,982</u>

- (1) The General Fund transferred \$4,150,336 to the Capital Project Funds, \$553,426 to the 2013 Debt Service Fund, \$470,031 to the 2021 Debt Service Fund, and \$100,820 to the Technology Special Revenue Fund.
- (2) The CRA Town Center Special Revenue Fund transferred \$731,928 to the 2014 Debt Service Fund to meet debt service requirements.
- (3) The CRA Harbor Special Revenue Fund transferred \$482,835 to the 2021 Debt Service Fund to meet debt service requirements.
- (4) The Florida Building Code fund transferred 10% of building permit revenue (\$70,958) to the Technology Special Revenue Fund.
- (5) The Okaloosa Half Penny Special Revenue Fund transferred \$353,648 to the 2021 Debt Service Fund to meet debt service requirements. The Technology Special Revenue Fund received 10% of permit and license fees in the amount of \$171,778 (\$70,958 from the Florida Building Code Fund and \$100,820 from the General Fund).
- (6) The 2013 Debt Service Fund received \$553,426 from the General Fund to meet debt service requirements.
- (7) The 2014 Debt Service Fund received \$731,928 from the CRA Town Center Special Revenue Fund to meet debt service requirements.

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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

- (8) The 2021 Debt Service Fund received \$1,306,514 from the General Fund (\$470,031), the Okaloosa Half Penny Special Revenue Fund (\$353,648), and the CRA Harbor Special Revenue Fund (\$482,835) to meet debt service requirements.
- (9) The Capital Projects Fund received \$4,105,336 from the General Fund for capital projects.

NOTE 7 – CAPITAL ASSETS

Capital asset balances and activity for the year ended September 30, 2024 were as follows:

	Balance 09/30/2023	Additions	Deletions/ Reclassifications	Balance 09/30/2024
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 51,970,597	\$ 9,028,088	\$ 32,671,303	\$ 93,669,988
Construction in progress	4,947,197	1,859,518	(483,298)	6,323,417
Total capital assets, not being depreciated	<u>56,917,794</u>	<u>10,887,606</u>	<u>32,188,005</u>	<u>99,993,405</u>
Capital assets, being depreciated				
Buildings	13,086,909	202,294	(87,520)	13,201,683
Improvements other than buildings	41,824,216	520,670	(2,057,410)	40,287,476
Infrastructure	87,974,822	2,953,570	(54,215,435)	36,712,957
Machinery, equipment, vehicles	6,896,057	1,032,693	(1,019,871)	6,908,879
Library media and art	994,101	57,661	(728,742)	323,020
Total capital assets, being depreciated	<u>150,776,105</u>	<u>4,766,888</u>	<u>(58,108,978)</u>	<u>97,434,015</u>
Less accumulated depreciation for:				
Buildings	(6,818,867)	(345,240)	85,238	(7,078,869)
Improvements other than buildings	(24,468,806)	(813,558)	1,368,964	(23,913,400)
Infrastructure	(32,054,414)	(1,311,338)	22,867,563	(10,498,189)
Machinery, equipment, vehicles	(3,687,505)	(610,637)	870,466	(3,427,676)
Library media and art	(853,161)	(48,846)	728,742	(173,265)
Total accumulated depreciation	<u>(67,882,753)</u>	<u>(3,129,619)</u>	<u>25,920,973</u>	<u>(45,091,399)</u>
Total capital assets, being depreciated, net	<u>82,893,352</u>	<u>1,637,269</u>	<u>(32,188,005)</u>	<u>52,342,616</u>
Governmental activities capital assets, net	<u>\$ 139,811,146</u>	<u>\$ 12,524,875</u>	<u>\$ -</u>	<u>\$ 152,336,021</u>

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended September 30, 2024 totaled \$3,129,619 for governmental activities and was allocated to specific functions as follows:

FUNCTION	DEPRECIATION
General government	\$ 191,472
Public safety	50,252
Physical environment	722,021
Transportation	1,324,178
Culture and recreation	841,696
Total	<u>\$ 3,129,619</u>

NOTE 8 – CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Termination	Ending Balance	Due Within One Year
Capital improvement refunding revenue note, series 2013	\$ 3,857,733	\$ -	\$ (436,296)	\$ -	\$ 3,421,437	\$ 448,687
Town center area redevelopment refunding revenue note, series 2014	8,057,786	-	(457,081)	-	7,600,705	472,896
Refunding revenue note, series 2021	7,104,000	-	(1,232,000)	-	5,872,000	1,236,000
TDC Advanced Funding Agreement, 2023	6,270,863	-	(750,000)	-	5,520,863	750,000
Financed purchases	<u>239,042</u>	<u>121,461</u>	<u>(138,050)</u>	<u>(16,455)</u>	<u>205,998</u>	<u>38,888</u>
	<u>25,529,424</u>	<u>121,461</u>	<u>(3,013,427)</u>	<u>(16,455)</u>	<u>22,621,003</u>	<u>2,946,471</u>
Compensated absences	336,722	236,901	(168,249)	-	405,374	184,460
Other post-employment benefits liability	<u>195,507</u>	<u>30,322</u>	<u>(170,825)</u>	<u>-</u>	<u>55,004</u>	<u>-</u>
	<u>532,229</u>	<u>267,223</u>	<u>(339,074)</u>	<u>-</u>	<u>460,378</u>	<u>184,460</u>
	<u>\$ 26,061,653</u>	<u>\$ 388,684</u>	<u>\$ (3,352,501)</u>	<u>\$ (16,455)</u>	<u>\$ 23,081,381</u>	<u>\$ 3,130,931</u>

Compensated absences and the other postemployment benefits liability are liquidated from the General Fund which pays over 95% of personnel expenditures. Financed purchases are paid out of the General Fund, Revenue Note Series 2013 is paid out of the 2013 Revenue Refunding Note Series Fund, the Notes Series 2014 is paid out of the 2014 Revenue Refunding Note Series Fund and the Note Series 2021 is paid out of the 2021 Revenue Refunding Note Series Fund. The Advanced Funding Agreement is paid out of the 2023 Advanced Funding Agreement Fund.

NOTE 9 – NOTES PAYABLE

Capital Improvement Refunding Revenue Note, Series 2013

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

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

- A. Refunding certain outstanding debt of the City
The net proceeds of the Series 2013 revenue note were used to refund the Capital Improvement Revenue Bonds, Series 2002.

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9 – NOTES PAYABLE (CONTINUED)

- B. Pledging the pledged funds to secure payment
The communication service tax and the half-cent sales tax were both pledged to secure payment of the principal and interest.
- C. Making certain other covenants and agreements in connection therewith
The City pledged to appropriate and budget adequate funds each year to make agreed-upon payments to the lender. The City deposits one-sixth (1/6) of interest coming due and one-twelfth (1/12) of principal coming due in a debt service fund bank account. The City covenants that in the case additional parity obligations are issued, the amount of pledged revenues will not be less than 1.4 of the maximum bond service requirements coming due. This ratio was 4.84 as of September 30, 2024.

Town Center Area Redevelopment Refunding Revenue Note, Series 2014

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

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

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

Non-Ad Valorem Refunding Revenue Note, Series 2021

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

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

- A. Financing the Acquisition of Certain Real Property within the City to be Used to Expand Public Beach Access
The 2021 series included \$2,819,000 of new debt to assist in the acquisition of two parcels of land in the Crystal Beach area that will be used to expand public beach access. Council has committed Okaloosa Half Penny local discretionary infrastructure surtax funds to increasing public beach access, and these funds will be used to repay this portion of the debt.
- B. Refunding certain debt obligations
The 2021 series refunded the Non-Ad Valorem Refunding Revenue Note, Series 2015A which was paying 2.71% and was scheduled to mature November 1, 2029 (\$3,489,000), and the Harbor CRA Second Replacement, Series 2009 Note, As Restructured September 19, 2015 which was paying 2.84% and was scheduled to mature July 31, 2029 (\$3,597,000).
- C. Pledging certain funds to secure payment
This note is secured by the City's covenant to budget and appropriate Non-Ad Valorem Revenues and is subject to an anti-dilution test. The anti-dilution test states that net available non-ad valorem revenues should be maintained at 1.25 or higher of maximum annual debt service. This ratio was recalculated upon issuance of the 2023 Advanced Funding Agreement with Okaloosa County as 5.96 as of September 30, 2023.

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9 – NOTES PAYABLE (CONTINUED)

Okaloosa Tourism Development Council Advanced Funding Agreement 2023

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

The advanced funding portion of this agreement provides for:

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

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

Year ending September 30,			
<i>TDC Advanced Funding Agreement, 2023</i>			
	Principal	Interest	Total
2025	\$ 750,000	\$ -	\$ 750,000
2026	750,000	-	750,000
2027	750,000	-	750,000
2028	750,000	-	750,000
2029	750,000	-	750,000
2030-2034	1,770,863	-	1,770,863
2035-2037	-	-	-
Subtotal	<u>\$5,520,863</u>	<u>\$ -</u>	<u>\$ 5,520,863</u>

Year ending September 30,			
<i>Non-Ad Valorem Refunding Revenue Note, Series 2021</i>			
	Principal	Interest	Total
2025	\$ 1,236,000	\$ 60,482	\$ 1,296,482
2026	1,259,000	46,259	1,305,259
2027	1,267,000	31,886	1,298,886
2028	1,284,000	17,415	1,301,415
2029	826,000	2,754	828,754
2030-2034	-	-	-
2035-2037	-	-	-
Subtotal	<u>\$ 5,872,000</u>	<u>\$ 158,796</u>	<u>\$ 6,030,796</u>

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 9 – NOTES PAYABLE (CONTINUED)

Year ending September 30,			
<i>Town Center Redevelopment Refunding Revenue Note, Series 2014</i>			
	Principal	Interest	Total
2025	\$ 472,896	\$ 259,184	\$ 732,080
2026	489,258	243,058	732,316
2027	506,186	226,375	732,561
2028	523,700	209,114	732,814
2029	541,819	191,255	733,074
2030-2034	3,003,610	666,015	3,669,625
2035-2037	2,063,236	142,308	2,205,544
Subtotal	<u>\$ 7,600,705</u>	<u>\$ 1,937,309</u>	<u>\$ 9,538,014</u>

Year ending September 30,			
<i>Capital Improvement Refunding Revenue Note, Series 2013</i>			
	Principal	Interest	Total
2025	\$ 448,687	\$ 104,012	\$ 552,699
2026	461,429	90,372	551,801
2027	474,534	76,344	550,878
2028	488,012	61,918	549,930
2029	501,870	47,083	548,953
2030-2034	1,046,905	47,962	1,094,867
2035-2037	-	-	-
Subtotal	<u>\$ 3,421,437</u>	<u>\$ 427,691</u>	<u>\$ 3,849,128</u>

GRAND TOTAL			
	Principal	Interest	Total
2025	\$ 2,907,583	\$ 423,678	\$ 3,331,261
2026	2,959,687	379,689	3,339,376
2027	2,997,720	334,605	3,332,325
2028	3,045,712	288,447	3,334,159
2029	2,619,689	241,092	2,860,781
2030-2034	5,821,378	713,977	6,535,355
2035-2037	2,063,236	142,308	2,205,544
Subtotal	<u>\$ 22,415,005</u>	<u>\$ 2,523,796</u>	<u>\$ 24,938,801</u>

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 10 – FINANCED PURCHASE AGREEMENTS

In July 2021, the City entered into an agreement for land adjacent to City Hall as sporting fields (Morgans Sports Center). In August 2022, the agreement was extended to September 2042 and the annual payments were decreased. In September 2024, the agreement was extended to 2054. The present value of the future minimum payments was revised in fiscal year 2024 to \$145,540. As there is no explicit rate in the contract, the present value was calculated using the City's Weighted Average Cost of Capital (WACC) at fiscal year end 2023 of 2.55%.

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

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

In June 2024, the City entered into an agreement with UKG of Kronos Inc for certain UKG timekeeping modules and related equipment. The initial term is for three years, June 2024 to May 2027. As there is no explicit rate in the contract, the present value was calculated using the City's WACC at fiscal year end 2024 of 2.49%.

Principal and interest amounts due on are as follows:

Year ending September 30,			
	Principal	Interest	Total
2025	\$ 38,888	\$ 5,080	\$ 43,968
2026	28,231	4,246	32,477
2027	3,459	3,541	7,000
2028	3,547	3,453	7,000
2029	3,637	3,363	7,000
2030-2034	19,626	15,374	35,000
2035-2039	22,259	12,741	35,000
2040-2044	25,245	9,755	35,000
2045-2049	28,632	6,368	35,000
2050-2054	32,474	2,526	35,000
Total	<u>\$ 205,998</u>	<u>\$ 66,447</u>	<u>\$ 202,445</u>

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

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

Funding Policy

Contribution requirements of the City and plan members are established and may be amended through action from the City Council. The City has not advance-funded or established a funding methodology for the annual Other Post-Employment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis from primarily the General Fund. No assets are being accumulated in a GASB-compliant trust. For the fiscal year ended September 30, 2024, no retirees received post-employment health care benefits.

Employees covered by benefit terms

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members or Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>82</u>
	<u>85</u>

Total OPEB Liability

The City's total OPEB liability of \$55,004 was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, updated to September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.06%
Initial trend rate	7.50%
Ultimate trend rate	4.00%
Years to ultimate	51

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Total OPEB liability as of September 30, 2023	\$ 195,507
Changes for the year:	
Service cost	21,987
Interest	8,335
Differences between expected and actual experience	(41,718)
Changes of assumptions	(119,708)
Benefit payments	(9,399)
Total changes	(140,503)
Total OPEB liability as of September 30, 2024	<u>\$ 55,004</u>

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

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

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% Increase (5.06%)
Total OPEB liability	<u>\$ 61,186</u>	<u>\$ 55,004</u>	<u>\$ 49,775</u>

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

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

	1% Decrease (3.00% - 6.00%)	Current Discount Rate (4.00% - 7.00%)	1% Increase (5.00% - 8.00%)
Total OPEB liability	<u>\$ 48,654</u>	<u>\$ 55,004</u>	<u>\$ 62,687</u>

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

For the year ended September 30, 2024, the City recognized OPEB expense of (\$127,154). At September 30, 2024, the City did not report deferred outflows of resources or deferred inflows of resources related to OPEB due to using the alternative measurement method. Additionally, since the measurement date was the same as the City's fiscal year, there are no contributions subsequent to the measurement date to report.

NOTE 12 – RETIREMENT PLANS

Deferred Compensation Plan

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 12 – RETIREMENT PLANS (CONTINUED)

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

Employee Thrift Plan

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

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

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

The City made all required contributions of \$667,643 during the fiscal year ended September 30, 2024. The contributions represent 10.34% of current year covered employee payroll of \$6,457,343.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

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

Litigation and Other Matters

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

Risk Management

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

CITY OF DESTIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Remedies for Default

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

NOTE 14 – FUND BALANCE CONSTRAINTS

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

Fund Balance	General Fund	CRA Town Center	Okaloosa Half-Penny	Capital Project Fund	CRA Harbor District	Florida Building Code	Technology	Parking	Water Quality	2013 Refunding Revenue Note	2014 Refunding Revenue Note	2021 Refunding Revenue Note	Total Governmental Funds
<i>Nonspendable:</i>													
Interfund advance	\$ 10,661,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,661,624
Prepays and deposits	11,158	-	-	-	-	-	-	-	-	-	-	-	11,158
<i>Restricted for:</i>													
Impact fees: park, traffic, library, and police	-	-	-	4,590,224	-	-	-	-	-	-	-	-	4,590,224
Other agreements: NPEB, stormwater, undergrounding, gas tax#2; grants	-	-	-	986,997	-	-	-	-	352,166	-	-	-	1,339,163
Debt service	-	-	-	-	-	-	-	-	-	102,400	258,085	2,168	362,653
CRA Town Center	-	210,970	-	-	-	-	-	-	-	-	-	-	210,970
Florida building code enforcement	-	-	-	-	-	202,698	-	-	-	-	-	-	202,698
<i>Committed for:</i>													
Emergency operations	4,819,181	-	-	-	-	-	-	-	-	-	-	-	4,819,181
Debt service	3,341,938	-	-	-	-	-	-	-	-	-	-	-	3,341,938
Emergency maintenance	4,819,181	-	-	-	-	-	-	-	-	-	-	-	4,819,181
Infrastructure surtax	-	-	7,060,157	-	-	-	-	-	-	-	-	-	7,060,157
Renewal and replacement	-	-	-	2,449,192	-	-	-	-	-	-	-	-	2,449,192
Parking	-	-	-	-	-	-	-	1,836,116	-	-	-	-	1,836,116
Technology	-	-	-	-	-	-	596,035	-	-	-	-	-	596,035
Encumbrances - capital outlay	581,768	-	-	-	-	-	-	-	-	-	-	-	581,768
<i>Unassigned:</i>													
	9,672,434	-	-	-	(7,830,559)	-	-	-	-	-	-	-	1,841,875
Total fund balance	\$33,907,284	\$210,970	\$ 7,060,157	\$8,026,413	\$ (7,830,559)	\$202,698	\$ 596,035	\$1,836,116	\$352,166	\$ 102,400	\$ 258,085	\$ 2,168	\$44,723,933

NOTE 15 – SUBSEQUENT EVENT

The City has evaluated all subsequent events through February 20, 2025 the date the financial statements were available to be issued.

On November 4, 2024, the City issued a non-ad valorem revenue note, series 2024 in the principal amount of \$25,000,000 bearing interest at 3.48% for the purpose of financing various capital improvement projects in the City including the acquisition of certain land for the purpose of providing public park facilities located at One Harbor Blvd, construction of the cross-town connector roadway and undergrounding overhead utilities.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DESTIN, FLORIDA

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

Reporting period ending	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service cost	\$ 21,987	\$ 21,219	\$ 22,546	\$ 19,941	\$ 20,778	\$ 15,893	\$ 16,440
Interest	8,335	9,229	4,456	4,130	6,900	6,085	5,024
Differences between expected and actual experience	(41,718)	-	(22,688)	-	20,020	-	-
Changes of assumptions	(119,708)	(1,739)	(5,775)	(5,158)	(18,085)	8,106	(6,810)
Benefit payments	(9,399)	(10,817)	(8,796)	(8,085)	(8,916)	(6,805)	(6,272)
Net change in total OPEB liability	(140,503)	17,892	(10,257)	10,828	20,697	23,279	8,382
Total OPEB liability - beginning	195,507	177,615	187,872	177,044	156,347	133,068	124,686
Total OPEB liability - ending	<u>\$ 55,004</u>	<u>\$ 195,507</u>	<u>\$ 177,615</u>	<u>\$ 187,872</u>	<u>\$ 177,044</u>	<u>\$ 156,347</u>	<u>\$ 133,068</u>
Covered-employee payroll	\$ 5,166,172	\$ 4,643,128	\$ 4,529,881	\$ 2,899,114	\$ 2,828,403	\$ 2,873,422	\$ 2,803,339
Total OPEB liability as a percentage of covered-employee payroll	1.06%	4.21%	3.92%	6.48%	6.26%	5.44%	4.75%

Notes to the Schedule:

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

2024	2023	2022	2021	2020	2019	2018
4.06%	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%

The schedule will present 10 years of information once it is accumulated.

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

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**COMBINING AND INDIVIDUAL NONMAJOR FUND
FINANCIAL STATEMENTS**

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CITY OF DESTIN, FLORIDA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	Special Revenue Funds				Debt Service Funds				Total Nonmajor Governmental Funds
	Florida Building Code Fund	Technology Fund	Parking Fund	Water Quality Fund	2013 Revenue Refunding Note Series Fund	2014 Revenue Refunding Note Series Fund	2021 Revenue Refunding Note Series Fund	2023 TDC Advance Fund	
Assets									
Cash and cash equivalents	\$ -	\$ 596,035	\$ 1,837,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,433,865
Restricted cash and cash equivalents	234,561	-	-	352,166	102,400	258,085	2,168	-	949,380
Total assets	<u>\$ 234,561</u>	<u>\$ 596,035</u>	<u>\$ 1,837,830</u>	<u>\$ 352,166</u>	<u>\$ 102,400</u>	<u>\$ 258,085</u>	<u>\$ 2,168</u>	<u>\$ -</u>	<u>\$ 3,383,245</u>
Liabilities and fund balances									
Liabilities									
Accounts payable	\$ 2,091	\$ -	\$ 1,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,805
Accrued liabilities	29,772	-	-	-	-	-	-	-	29,772
Total liabilities	<u>31,863</u>	<u>-</u>	<u>1,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,577</u>
Fund balances									
Restricted	202,698	-	-	352,166	102,400	258,085	2,168	-	917,517
Committed	-	596,035	1,836,116	-	-	-	-	-	2,432,151
Total fund balances	<u>202,698</u>	<u>596,035</u>	<u>1,836,116</u>	<u>352,166</u>	<u>102,400</u>	<u>258,085</u>	<u>2,168</u>	<u>-</u>	<u>3,349,668</u>
Total liabilities and fund balances	<u>\$ 234,561</u>	<u>\$ 596,035</u>	<u>\$ 1,837,830</u>	<u>\$ 352,166</u>	<u>\$ 102,400</u>	<u>\$ 258,085</u>	<u>\$ 2,168</u>	<u>\$ -</u>	<u>\$ 3,383,245</u>

CITY OF DESTIN, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Special Revenue Funds				Debt Service Funds				
	Florida Building Code Fund	Technology Fund	Parking Fund	Water Quality Fund	2013 Revenue Refunding Note Series Fund	2014 Revenue Refunding Note Series Fund	2021 Revenue Refunding Note Series Fund	2023 TDC Advance Fund	Total Nonmajor Governmental Funds
Revenues									
Licenses and permits	\$ 956,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 956,189
Intergovernmental revenue	-	-	-	-	-	-	-	750,000	750,000
Charges for services	-	-	898,454	122,967	-	-	-	-	1,021,421
Fines and forfeitures	38,050	-	-	-	-	-	-	-	38,050
Investment income	9,058	18,253	44,724	14,492	8,560	10,577	1,435	-	107,099
Total revenues	<u>1,003,297</u>	<u>18,253</u>	<u>943,178</u>	<u>137,459</u>	<u>8,560</u>	<u>10,577</u>	<u>1,435</u>	<u>750,000</u>	<u>2,872,759</u>
Expenditures									
Current									
General government	-	-	-	-	2	3	74	-	79
Public safety	1,015,151	36,343	-	-	-	-	-	-	1,051,494
Physical environment	-	-	-	11,998	-	-	-	-	11,998
Transportation	-	-	77,046	20,580	-	-	-	-	97,626
Capital Outlay	56,750	-	60,873	147,438	-	-	-	-	265,061
Debt Service									
Principal retirement	-	-	-	-	436,296	457,081	1,232,000	750,000	2,875,377
Interest	-	-	-	-	117,275	274,771	74,514	-	466,560
Total expenditures	<u>1,071,901</u>	<u>36,343</u>	<u>137,919</u>	<u>180,016</u>	<u>553,573</u>	<u>731,855</u>	<u>1,306,588</u>	<u>750,000</u>	<u>4,768,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(68,604)</u>	<u>(18,090)</u>	<u>805,259</u>	<u>(42,557)</u>	<u>(545,013)</u>	<u>(721,278)</u>	<u>(1,305,153)</u>	<u>-</u>	<u>(1,895,436)</u>
Other Financing Sources (Uses)									
Transfers in	-	171,778	-	-	553,426	731,928	1,306,514	-	2,763,646
Transfers out	(70,958)	-	-	-	-	-	-	-	(70,958)
Total other financing sources (uses)	<u>(70,958)</u>	<u>171,778</u>	<u>-</u>	<u>-</u>	<u>553,426</u>	<u>731,928</u>	<u>1,306,514</u>	<u>-</u>	<u>2,692,688</u>
Net change in fund balance	(139,562)	153,688	805,259	(42,557)	8,413	10,650	1,361	-	797,252
Fund balances, beginning	<u>342,260</u>	<u>442,347</u>	<u>1,030,857</u>	<u>394,723</u>	<u>93,987</u>	<u>247,435</u>	<u>807</u>	<u>-</u>	<u>2,552,416</u>
Fund balances, ending	<u>\$ 202,698</u>	<u>\$ 596,035</u>	<u>\$ 1,836,116</u>	<u>\$ 352,166</u>	<u>\$ 102,400</u>	<u>\$ 258,085</u>	<u>\$ 2,168</u>	<u>\$ -</u>	<u>\$ 3,349,668</u>

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FLORIDA BUILDING CODE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Licenses and permits	\$ 1,021,700	\$ 1,021,700	\$ 956,189	\$ (65,511)
Fines and forfeitures	240	240	38,050	37,810
Investment earnings	130	130	9,058	8,928
Total revenues	<u>1,022,070</u>	<u>1,022,070</u>	<u>1,003,297</u>	<u>(18,773)</u>
Expenditures				
Current				
Public safety	1,260,424	1,257,238	1,015,151	242,087
Capital outlay	116,000	116,000	56,750	59,250
Total expenditures	<u>1,376,424</u>	<u>1,373,238</u>	<u>1,071,901</u>	<u>301,337</u>
Deficiency of revenues (under) expenditures	<u>(354,354)</u>	<u>(351,168)</u>	<u>(68,604)</u>	<u>282,564</u>
Other financing (uses)				
Transfers out	(98,671)	(98,671)	(70,958)	27,713
Total other financing (uses)	<u>(98,671)</u>	<u>(98,671)</u>	<u>(70,958)</u>	<u>27,713</u>
Change in fund balance	(453,025)	(449,839)	(139,562)	310,277
Fund balance, beginning of year	342,260	342,260	342,260	-
Fund balance, end of year	<u>\$ (110,765)</u>	<u>\$ (107,579)</u>	<u>\$ 202,698</u>	<u>\$ 310,277</u>

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TECHNOLOGY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment earnings	\$ 420	\$ 420	\$ 18,253	\$ 17,833
Total revenues	<u>420</u>	<u>420</u>	<u>18,253</u>	<u>17,833</u>
Expenditures				
Current				
Public safety	50,000	120,000	36,343	83,657
Capital outlay	<u>85,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>36,343</u>	<u>98,657</u>
Deficiency of revenues under expenditures	<u>(134,580)</u>	<u>(134,580)</u>	<u>(18,090)</u>	<u>116,490</u>
Other financing sources				
Transfers in	<u>213,395</u>	<u>213,395</u>	<u>171,778</u>	<u>(41,617)</u>
Total other financing sources	<u>213,395</u>	<u>213,395</u>	<u>171,778</u>	<u>(41,617)</u>
Change in fund balance	78,815	78,815	153,688	74,873
Fund balance, beginning of year	<u>442,347</u>	<u>442,347</u>	<u>442,347</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 521,162</u></u>	<u><u>\$ 521,162</u></u>	<u><u>\$ 596,035</u></u>	<u><u>\$ 74,873</u></u>

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
PARKING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Charges for services	\$ 579,740	\$ 579,740	\$ 898,454	\$ 318,714
Investment earnings	440	440	44,724	44,284
Total revenues	<u>580,180</u>	<u>580,180</u>	<u>943,178</u>	<u>362,998</u>
Expenditures				
Current				
Transportation	158,807	158,807	77,046	81,761
Capital outlay	<u>525,000</u>	<u>585,340</u>	<u>60,873</u>	<u>524,467</u>
Total expenditures	<u>683,807</u>	<u>744,147</u>	<u>137,919</u>	<u>606,228</u>
Change in fund balance	(103,627)	(163,967)	805,259	969,226
Fund balance, beginning of year	<u>1,030,857</u>	<u>1,030,857</u>	<u>1,030,857</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 927,230</u></u>	<u><u>\$ 866,890</u></u>	<u><u>\$ 1,836,116</u></u>	<u><u>\$ 969,226</u></u>

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
WATER QUALITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 49,160	\$ 49,160	\$ 122,967	\$ 73,807
Investment earnings	320	320	14,492	14,172
Total revenues	<u>49,480</u>	<u>49,480</u>	<u>137,459</u>	<u>87,979</u>
Expenditures				
Current				
Physical environment	135,000	135,000	11,998	123,002
Transportation			20,580	(20,580)
Capital outlay	-	147,438	147,438	-
Total expenditures	<u>135,000</u>	<u>282,438</u>	<u>180,016</u>	<u>102,422</u>
Change in fund balance	(85,520)	(232,958)	(42,557)	190,401
Fund balance, beginning of year	394,723	394,723	394,723	-
Fund balance, end of year	<u>\$ 309,203</u>	<u>\$ 161,765</u>	<u>\$ 352,166</u>	<u>\$ 190,401</u>

CITY OF DESTIN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
2023 TDC ADVANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 750,000	\$ 750,000	\$ 750,000	\$ -
Total revenues	750,000	750,000	750,000	-
Expenditures				
Debt service				
Principal retirement	750,000	750,000	750,000	-
Total expenditures	750,000	750,000	750,000	-
Change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

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

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
2013 REVENUE REFUNDING NOTE SERIES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 250	\$ 250	\$ 8,560	\$ 8,310
Total revenues	250	250	8,560	8,310
Expenditures				
Current				
General government	-	3	2	1
Debt service				
Principal retirement	436,296	436,296	436,296	-
Interest	117,275	117,275	117,275	-
Total expenditures	553,571	553,574	553,573	1
Deficiency of revenues under expenditures	(553,321)	(553,324)	(545,013)	8,311
Other financing sources				
Transfers in	553,571	553,571	553,426	(145)
Total other financing sources	553,571	553,571	553,426	(145)
Change in fund balance	250	247	8,413	8,166
Fund balance, beginning of year	93,987	93,987	93,987	-
Fund balance, end of year	<u>\$ 94,237</u>	<u>\$ 94,234</u>	<u>\$ 102,400</u>	<u>\$ 8,166</u>

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
2014 REVENUE REFUNDING NOTE SERIES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 300	\$ 300	\$ 10,577	\$ 10,277
Total revenues	<u>300</u>	<u>300</u>	<u>10,577</u>	<u>10,277</u>
Expenditures				
Current				
General government	-	3	3	-
Debt service				
Principal retirement	457,081	457,081	457,081	-
Interest	274,771	274,771	274,771	-
Total expenditures	<u>731,852</u>	<u>731,855</u>	<u>731,855</u>	<u>-</u>
Deficiency of revenues under expenditures	<u>(731,552)</u>	<u>(731,555)</u>	<u>(721,278)</u>	<u>10,277</u>
Other financing sources				
Transfers in	731,852	731,852	731,928	76
Total other financing sources	<u>731,852</u>	<u>731,852</u>	<u>731,928</u>	<u>76</u>
Change in fund balance	300	297	10,650	10,353
Fund balance, beginning of year	247,435	247,435	247,435	-
Fund balance, end of year	<u>\$ 247,735</u>	<u>\$ 247,732</u>	<u>\$ 258,085</u>	<u>\$ 10,353</u>

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
2021 REVENUE REFUNDING NOTE SERIES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 40	\$ 40	\$ 1,435	\$ 1,395
Total revenues	40	40	1,435	1,395
Expenditures				
Current				
General government	-	75	74	1
Debt service				
Principal retirement	1,232,000	1,232,000	1,232,000	-
Interest	74,514	74,514	74,514	-
Total expenditures	1,306,514	1,306,589	1,306,588	1
Deficiency of revenues under expenditures	(1,306,474)	(1,306,549)	(1,305,153)	1,396
Other financing sources				
Transfers in	1,306,514	1,306,515	1,306,514	(1)
Total other financing sources	1,306,514	1,306,515	1,306,514	(1)
Change in fund balance	40	(34)	1,361	1,395
Fund balance, beginning of year	807	807	807	-
Fund balance, end of year	\$ 847	\$ 773	\$ 2,168	\$ 1,395

CITY OF DESTIN, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 267,012	\$ 267,012	\$ 234,112	\$ (32,900)
Licenses and permits	1,020,760	1,020,760	907,658	(113,102)
Impact fees	105,500	105,500	171,129	65,629
Intergovernmental revenues	9,410,050	9,618,741	687,600	(8,931,141)
Investment earnings	7,730	7,730	282,681	274,951
Contributions	-	-	81,000	81,000
Miscellaneous revenues	-	-	9,017	9,017
Total revenues	<u>10,811,052</u>	<u>11,019,743</u>	<u>2,373,197</u>	<u>(8,646,546)</u>
Expenditures				
Current				
General government	-	54	49	(5)
Public safety	-	121,180	47,074	(74,106)
Transportation	-	4,159	4,158	(1)
Capital outlay	37,069,020	38,097,049	5,705,189	(32,391,860)
Debt Service				
Principal retirement	-	96,889	96,889	-
Interest	-	3,491	3,491	-
Total expenditures	<u>37,069,020</u>	<u>38,322,822</u>	<u>5,856,850</u>	<u>(32,465,972)</u>
Deficiency of revenues under expenditures	<u>(26,257,968)</u>	<u>(27,303,079)</u>	<u>(3,483,653)</u>	<u>(23,819,426)</u>
Other financing sources (uses)				
Transfers in	21,963,507	22,032,462	4,105,336	(17,927,126)
Transfers out	(499,817)	(499,817)	-	499,817
Total other financing sources (uses)	<u>21,463,690</u>	<u>21,532,645</u>	<u>4,105,336</u>	<u>(17,427,309)</u>
Change in fund balance	<u>(4,794,278)</u>	<u>(5,770,434)</u>	<u>621,683</u>	<u>6,392,117</u>
Fund balance, beginning of year	<u>7,404,730</u>	<u>7,404,730</u>	<u>7,404,730</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,610,452</u>	<u>\$ 1,634,296</u>	<u>\$ 8,026,413</u>	<u>\$ 6,392,117</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Destin, Florida's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	68-74
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	75-78
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	79-81
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	82 and 83
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	84-87
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

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

Fiscal Year	Net investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2024	\$ 129,525,200	\$ 6,705,708	\$ 37,687,800	\$ 173,918,708
2023	114,141,436	9,013,429	38,347,052	161,501,917
2022	100,905,387	5,073,775	33,510,788	139,489,950
2021	98,289,498	3,852,330	29,063,467	131,205,295
2020	91,184,514	3,891,401	25,247,364	120,323,279
2019	88,840,831	2,661,941	21,378,238	112,881,010
2018	89,128,737	2,570,097	17,831,698	109,530,532
2017	90,119,716	2,075,871	14,559,323	106,754,910
2016	88,760,939	1,488,351	14,101,586	104,350,876
2015	88,804,998	735,737	13,208,165	102,748,900

Source: City Finance Department.

Changes in Net Position - Last Ten Years
(Unaudited)

	2024	2023	2022	Fiscal Year 2021	2020
Expenses					
General government	\$ 4,415,633	\$ 3,604,493	\$ 3,882,608	\$ 3,583,345	\$ 4,028,182
Public safety	5,222,285	4,441,808	3,960,949	3,756,665	3,623,935
Physical environment	1,093,567	996,593	1,180,082	646,171	670,079
Transportation	3,295,759	3,587,231	3,377,216	2,739,207	2,866,166
Economic environment	178,185	244,282	129,780	1,141,935	1,152,796
Human services	74,829	53,466	51,604	64,531	63,494
Culture and recreation	5,122,449	4,589,126	4,081,335	3,476,834	2,702,912
Debt service interest	467,439	513,582	550,710	637,571	752,073
Total expenses	19,870,146	18,030,581	17,214,284	16,046,259	15,859,637
Program revenue					
Charges for services					
General government	18,471	82,119	295,011	64,090	601
Public safety	2,059,874	2,047,595	1,904,763	1,793,926	1,555,942
Physical environment	170,798	82,338	27,474	50,965	23,443
Transportation	977,736	835,138	500,972	505,182	178,174
Culture and recreation	577,336	517,023	465,659	347,454	331,925
Operating grants and contributions	838,462	871,096	775,474	646,998	2,082,880
Capital grants and contributions	1,530,600	12,440,237	2,496,372	5,192,296	197,999
Total program revenue	6,173,277	16,875,546	6,465,725	8,600,911	4,370,964
Net expense	(13,696,869)	(1,155,035)	(10,748,559)	(7,445,348)	(11,488,673)
General revenue and other changes in net position					
Property taxes	14,335,084	12,464,569	10,794,578	9,892,776	9,374,391
Other taxes	9,273,287	9,568,412	3,496,780	3,480,413	2,895,623
Other revenue	2,505,289	1,134,021	4,741,856	4,954,175	6,660,928
Total general revenue	26,113,660	23,167,002	19,033,214	18,327,364	18,930,942
Change in net position	12,416,791	22,011,967	8,284,655	10,882,016	7,442,269
Net position, beginning	161,501,917	139,489,950	131,205,295	120,323,279	112,881,010
Cumulative effect of change in accounting principle	-	-	-	-	-
Net position, ending	\$ 173,918,708	\$ 161,501,917	\$ 139,489,950	\$ 131,205,295	\$ 120,323,279

Source: City Finance Department.

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

	2019		2018		2017		Fiscal Year 2016		2015	
Expenses										
General government	\$	3,695,191	\$	3,532,139	\$	2,981,384	\$	2,889,172	\$	3,330,320
Public safety		3,292,103		3,908,737		4,011,135		3,535,716		3,080,103
Physical environment		319,713		432,132		433,283		491,154		591,383
Transportation		3,252,517		3,053,455		3,141,933		2,842,564		2,582,807
Economic environment		1,146,463		1,209,950		1,274,262		1,289,854		1,326,255
Human services		62,808		55,220		107,287		54,394		58,975
Culture and recreation		2,323,177		2,274,564		2,242,446		2,340,627		2,239,857
Debt service interest		788,775		806,526		888,752		873,117		1,132,842
Total expenses		14,880,747		15,272,723		15,080,482		14,316,598		14,342,542
Program revenue										
Charges for services										
General government		2,457,688		2,495,996		2,223,122		2,317,742		2,214,652
Public safety		614,412		847,202		940,221		898,725		697,452
Physical environment		20,800		46,495		79,821		14,660		21,503
Transportation		140,017		119,218		60,534		49,514		115,970
Culture and recreation		401,939		406,050		402,708		456,828		421,704
Operating grants and contributions		734,898		1,407,851		2,450,238		1,727,351		197,614
Capital grants and contributions		43,520		30,544		70,120		42,081		203,334
Total program revenue		4,413,274		5,353,356		6,226,764		5,506,901		3,872,229
Net expense		(10,467,473)		(9,919,367)		(8,853,718)		(8,809,697)		(10,470,313)
General revenue and other changes in net position										
Property taxes		8,764,290		8,179,225		7,761,152		6,844,994		6,443,596
Other taxes		1,636,565		1,669,159		1,623,261		1,583,815		1,530,492
Other revenue		3,417,096		1,907,549		1,873,339		1,982,864		1,761,737
Total general revenue		13,817,951		11,755,933		11,257,752		10,411,673		9,735,825
Change in net position		3,350,478		1,836,566		2,404,034		1,601,976		(734,488)
Net position, beginning		109,530,532		106,754,910		104,350,876		102,748,900		103,483,388
Cumulative effect of change in accounting principle		-		939,056		-		-		-
Net position, ending	\$	112,881,010	\$	109,530,532	\$	106,754,910	\$	104,350,876	\$	102,748,900

Source: City Finance Department.

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

	Fiscal Year				
	2024	2023	2022	2021	2020
General Fund					
Nonspendable	\$ 10,672,782	\$ 2,484,589	\$ 2,581,252	\$ 2,561,841	\$ 2,451,337
Restricted	-	-	-	-	3,247,659
Committed	13,562,068	12,137,934	13,683,891	10,084,733	8,411,205
Assigned	-	-	323,611	376,587	2,964,171
Unassigned	9,672,434	17,752,082	11,500,107	13,296,275	14,449,613
Total	\$ 33,907,284	\$ 32,374,605	\$ 28,088,861	\$ 26,319,436	\$ 31,523,985
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,705,708	6,962,323	5,073,775	3,852,330	643,742
Committed	11,941,500	9,440,475	6,739,436	4,655,060	-
Assigned	-	-	533,466	2,535,604	44,332
Unassigned	(7,830,559)	(963,747)	(1,663,708)	(3,846,516)	(2,390,520)
Total all other governmental funds	\$ 10,816,649	\$ 15,439,051	\$ 10,682,969	\$ 7,196,478	\$ (1,702,446)

Source: City Finance Department.

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

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Nonspendable	\$ 2,448,824	\$ 2,469,019	\$ 2,999,624	\$ 2,802,335	\$ 1,980,893
Restricted	2,584,256	2,480,877	1,977,027	1,373,526	1,216,046
Committed	10,129,498	9,657,663	9,674,570	10,340,837	11,071,545
Assigned	1,213,592	672,226	1,625,986	1,118,384	328,889
Unassigned	10,040,295	7,526,416	3,626,528	2,905,348	1,848,403
Total	\$ 26,416,465	\$ 22,806,201	\$ 19,903,735	\$ 18,540,430	\$ 16,445,776
All other governmental funds					
Nonspendable	\$ -	\$ 88	\$ -	\$ -	\$ 68
Restricted	77,685	89,220	98,844	114,825	884,473
Committed	-	-	-	-	-
Assigned	329,948	279,391	255,797	276,444	345,855
Unassigned	(2,231,153)	(2,240,233)	(2,142,360)	(1,979,433)	(2,462,082)
Total all other governmental funds	\$ (1,823,520)	\$ (1,871,534)	\$ (1,787,719)	\$ (1,588,164)	\$ (1,231,686)

Source: City Finance Department.

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Revenue					
Taxes	\$ 16,227,087	\$ 16,027,019	\$ 14,291,359	\$ 13,373,189	\$ 12,270,014
Licenses and permits	5,207,670	5,454,762	5,008,309	3,779,441	3,342,590
Impact fees	171,129	453,374	132,605	590,174	456,051
Intergovernmental	6,418,348	15,938,249	5,586,955	8,053,048	4,050,502
Charges for services	1,744,341	1,516,594	1,289,082	937,122	513,137
Fines and forfeitures	95,484	107,689	56,135	79,829	106,750
Investment income	2,174,754	578,203	(1,078,214)	19,983	471,977
Contributions	88,718	5,042	37,479	1,867	4,035
Miscellaneous income	142,951	128,584	36,503	50,972	9,058
Total revenue	32,270,482	40,209,516	25,360,213	26,885,625	21,224,114
Expenditures					
General government	4,221,678	3,454,019	3,640,884	3,403,184	3,935,334
Public safety	5,193,874	4,384,706	3,924,721	3,752,995	3,408,341
Physical environment	375,034	277,365	452,211	142,017	27,374
Transportation	1,981,627	1,896,884	1,589,395	1,663,328	1,925,723
Economic environment	178,185	244,282	129,781	107,900	130,173
Human services	74,829	53,466	51,604	64,531	63,494
Culture and recreation	4,313,088	3,772,845	3,292,184	2,854,316	2,237,953
Capital outlay	15,654,495	20,891,773	4,369,267	11,160,364	1,937,657
Debt service					
Principal	3,013,427	3,035,369	2,122,863	9,318,692	1,622,596
Interest	475,429	521,505	555,409	717,941	745,697
Total expenditures	35,481,666	38,532,214	20,128,319	33,185,268	16,034,342
Excess (deficiency) of revenue over expenditures	(3,211,184)	1,677,302	5,231,894	(6,299,643)	5,189,772
Other financing sources (uses)					
Transfers in	6,868,982	4,820,135	4,676,350	29,587,639	2,255,374
Transfers out	(6,868,982)	(4,820,135)	(4,676,350)	(29,587,639)	(2,255,374)
Issuance of debt	121,461	-	-	-	-
Proceeds of debt issuance	-	7,020,863	-	9,905,000	-
Debt service principal	-	-	-	-	-
Lease proceeds	-	343,661	24,021	89,019	38,422
Non-operating loss	-	-	-	-	-
Total other financing sources (uses)	121,461	7,364,524	24,021	9,994,019	38,422
Special item - Settlement	-	-	-	-	-
Net change in fund balance	\$ (3,089,723)	\$ 9,041,826	\$ 5,255,915	\$ 3,694,376	\$ 5,228,194
Debt service as a percentage of noncapital expenditures	17.6%	20.2%	17.0%	45.6%	16.8%

Source: City Finance Department.

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenue					
Taxes	\$ 12,309,961	\$ 11,766,912	\$ 11,192,022	\$ 10,316,957	\$ 9,891,235
Licenses and permits	1,079,465	1,008,548	930,187	885,870	674,131
Impact fees	160,720	671,922	801,424	446,936	280,494
Intergovernmental	3,494,078	2,889,811	3,734,054	3,232,561	1,819,128
Charges for services	512,089	568,635	525,860	568,018	509,159
Fines and forfeitures	28,981	44,278	46,812	47,238	114,111
Investment income	506,164	20,654	59,756	256,010	222,593
Contributions	6,871	8,608	24,772	22,848	34,839
Miscellaneous income	132,896	131,376	169,629	142,136	62,364
Total revenue	18,231,225	17,110,744	17,484,516	15,918,574	13,608,054
Expenditures					
General government	3,542,238	3,398,890	2,853,328	2,747,954	3,489,939
Public safety	3,061,601	2,779,558	2,610,831	2,410,183	2,107,835
Physical environment	31,346	88,226	90,710	148,581	248,810
Transportation	1,924,802	1,824,192	1,885,837	1,681,535	1,472,935
Economic environment	105,720	123,024	163,637	176,210	216,503
Human services	62,808	55,220	107,287	54,394	58,975
Culture and recreation	1,909,794	1,872,829	1,858,739	1,976,500	1,927,771
Capital outlay	1,607,301	1,877,832	4,762,510	3,075,354	1,642,819
Debt service					
Principal	1,533,487	1,485,956	1,417,449	1,087,340	901,028
Interest	793,850	836,554	874,429	822,369	1,083,667
Total expenditures	14,572,947	14,342,281	16,624,757	14,180,420	13,150,282
Excess (deficiency) of revenue over expenditures	3,658,278	2,768,463	859,759	1,738,154	457,772
Other financing sources (uses)					
Transfers in	4,171,759	6,343,303	3,907,488	2,971,389	1,563,616
Transfers out	(4,171,759)	(6,343,303)	(3,907,488)	(2,971,389)	(1,563,616)
Issuance of debt	-	50,188	303,991	-	-
Proceeds of debt issuance	-	-	-	-	5,427,000
Debt service principal	-	-	-	-	(5,379,150)
Lease proceeds	-	-	-	-	-
Non-operating loss	-	-	-	-	-
Total other financing sources (uses)	-	50,188	303,991	-	47,850
Special item - Settlement	-	-	-	-	-
Net change in fund balance	\$ 3,658,278	\$ 2,818,651	\$ 1,163,750	\$ 1,738,154	\$ 505,622
Debt service as a percentage of noncapital expenditures	18.0%	18.6%	19.3%	17.2%	17.2%

Source: City Finance Department.

City of Destin, Florida

Revenue Base - Last Ten Years
(Unaudited)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	95% Budgeted for Operations
2024	\$ 7,816,671,888	\$ 124,688,876	\$ 7,941,360,764	1.6150	\$ 12,184,033
2023	6,858,730,342	108,747,526	6,967,477,868	1.6150	10,689,853
2022	5,980,379,074	102,386,732	6,082,765,806	1.6150	9,332,483
2021	5,586,981,183	99,760,236	5,686,741,419	1.6150	8,724,883
2020	5,289,909,655	100,875,258	5,390,784,913	1.6150	8,270,812
2019	4,940,251,366	96,041,092	5,036,292,458	1.6150	7,726,932
2018	4,637,572,095	94,406,296	4,731,978,391	1.6150	7,260,038
2017	4,419,401,166	88,815,805	4,508,216,971	1.6150	6,916,732
2016	4,202,250,899	83,206,674	4,285,457,573	1.6150	6,574,963
2015	3,953,775,213	77,212,445	4,030,987,658	1.5000	5,744,157

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

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

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

Fiscal Year	Direct Rate	Indirect Rate				Total Overlapping Rates	Total Direct and Overlapping Rates
	City of Destin	Destin Fire District	Okaloosa County	Okaloosa School Board	Northwest Florida Water District		
2024	1.61500	1.00000	3.83080	5.47700	0.02340	10.33120	11.94620
2023	1.61500	1.00000	3.83080	5.47700	0.02340	10.33120	11.94620
2022	1.61500	1.00000	3.83080	5.57900	0.02610	10.43590	12.05090
2021	1.61500	1.00000	3.83080	5.94300	0.02940	10.80320	12.41820
2020	1.61500	1.00000	3.83080	6.03500	0.03110	10.89690	12.51190
2019	1.61500	1.00000	3.83080	6.20600	0.03270	11.06950	12.68450
2018	1.61500	1.00000	3.83080	6.36100	0.03380	11.22560	12.84060
2017	1.61500	1.00000	3.83080	6.58800	0.03530	11.45410	13.06910
2016	1.61500	1.00000	3.43080	6.90700	0.03660	11.37440	12.98940
2015	1.50000	1.00000	3.43080	7.55100	0.04000	12.02180	13.52180

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

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

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

Taxpayer	September 30, 2024			Taxpayer	September 30, 2015		
	Taxable Assessed Value	Rank	Percent of City's Total Taxable Value		Taxable Assessed Value	Rank	Percent of City's Total Taxable Value
WCW OLYMPUS DESTIN LLC	\$ 73,358,030	1	0.93%	EMERALD GRANDE LLC	\$ 58,515,920	1	1.45%
DRH HBR OWNER LLC	62,418,992	2	0.79%	AHB APARTMENTS LLC	21,073,921	2	0.52%
PASSCO SEA GLASS DST	60,653,929	3	0.77%	DRB DEVELOPMENT LLC	13,744,900	3	0.34%
EMERALD GRANDE INC	49,676,280	5	0.63%	DUNAVANT GULF LLC	11,306,189	4	0.28%
BR HENDERSON BEACH LLC	48,948,817	4	0.62%	PARADISE ISLE DESTIN LLC	10,757,300	5	0.27%
FLORIDA POWER & LIGHT CO.	47,177,198	6	0.60%	WYNDHAM VACATION RESORTS	8,023,200	6	0.20%
ARRIS DESTIN RETAIL LLC	41,982,793	7	0.53%	SHANRI HOLDINGS CORP	7,346,230	7	0.18%
HENDERSON BEACH PARTNERS LLC	32,504,203	8	0.41%	CRYSTAL BEACH PLAZA LLC	7,046,083	8	0.17%
PARADISE ISLE DESTIN LLC	18,275,171	9	0.23%	BLASBICHLER H D AGREEMENT	6,896,447	9	0.17%
KEY DESTIN OWNER LLC	16,423,887	10	0.21%	CLUB DESTIN RESORT	6,656,000	10	0.17%
Total Principal Taxpayers	<u>\$ 451,419,300</u>		<u>5.70%</u>		<u>\$ 151,366,190</u>		<u>3.76%</u>
Total Tax Value of Other	<u>\$ 7,466,920,849</u>		<u>94.30%</u>		<u>\$ 3,879,269,150</u>		<u>96.24%</u>
Total Taxable Assessed Value	<u>\$ 7,918,340,149</u>		<u>100.00%</u>		<u>\$ 4,030,635,340</u>		<u>100.00%</u>

Source: Okaloosa County Property Appraiser.

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

Fiscal Year Ended September 30,	Taxes Levied For the Calendar Year	Collected within the Calendar Year of the Levy		Collections of Delinquent Taxes	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 12,825,298	\$ 12,796,379	99.77%	\$ 132	\$ 12,796,511	99.78%
2023	11,252,477	10,801,654	95.99%	70,797	10,872,451	96.62%
2022	9,823,667	9,482,098	96.52%	-	9,482,098	96.52%
2021	9,184,087	8,827,350	96.12%	54,971	8,882,321	96.71%
2020	8,706,118	8,430,713	96.84%	3,561	8,434,274	96.88%
2019	8,133,612	7,879,410	96.87%	4,613	7,884,023	96.93%
2018	7,642,145	7,405,759	96.91%	1,809	7,407,568	96.93%
2017	7,280,770	7,031,699	96.58%	4,122	7,035,821	96.64%
2016	6,921,014	6,211,296	89.75%	3,797	6,215,093	89.80%
2015	6,046,481	5,842,418	96.63%	10,172	5,852,590	96.79%

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

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

Fiscal Year Ended September 30,	2009 CRA Harbor Revenue Note (Restructured 2015)	2013 Capital Improvement Revenue Note	2014 CRA Town Center Revenue Refunding Note Series	2015 Revenue Refunding Note Series
2024	\$ -	\$ 3,421,436	\$ 7,600,705	\$ -
2023	-	3,857,733	8,057,786	-
2022	-	4,281,980	8,499,581	-
2021	-	4,694,511	8,926,602	-
2020	3,986,827	5,095,650	9,339,342	4,035,000
2019	4,429,808	5,485,711	9,738,279	4,379,000
2018	4,770,168	5,865,001	10,123,875	4,714,000
2017	5,096,625	6,233,816	10,496,575	5,039,000
2016	5,409,749	6,592,446	10,856,811	5,359,000
2015	5,709,446	6,941,172	11,205,000	5,427,000

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

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

Fiscal Year Ended September 30,		2021 Revenue Refunding Note Series		2023 County Advance Funding Agreement		Financed Purchases	Total Revenue Bonds, Notes, and Financed Purchases	Percentage of Personal Income	Per Capita
2024	\$	5,872,000	\$	5,520,863	\$	205,998	\$ 22,621,002	2.69%	1,549
2023		7,104,000		6,270,863		239,043	25,529,425	3.01%	1,749
2022		8,312,000		-		106,708	21,200,269	2.74%	1,465
2021		9,512,000		-		165,998	23,299,111	3.21%	1,639
2020		-		-		166,965	22,625,804	3.25%	1,624
2019		-		-		175,160	24,207,958	3.97%	1,801
2018		-		-		268,401	25,741,445	4.50%	1,937
2017		-		-		311,197	27,177,213	5.12%	2,072
2016		-		-		72,665	28,290,671	5.47%	2,193
2015		-		-		95,393	29,378,011	6.00%	2,308

City of Destin, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2024
(Unaudited)

Jurisdiction	Net Debt Outstanding	Estimated Percentage Applicable to City of Destin ⁽¹⁾	Estimated Amount Applicable to City of Destin
Debt repaid with property taxes:			
Okaloosa County	\$ 91,082,923	29%	\$ 26,812,018
Okaloosa School Board ⁽²⁾	292,529,244	26%	76,416,918
Destin Fire District	-	84%	-
Northwest Florida Water District	-	29%	-
Subtotal, overlapping debt			<u>103,228,936</u>
City of Destin			<u>22,621,002</u>
Total direct and overlapping debt			<u><u>\$ 125,849,938</u></u>

⁽¹⁾ Based on ratio of assessed taxable value.

⁽²⁾ The Okaloosa School Board debt outstanding is as of June 30, 2023.

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

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

City of Destin, Florida

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Population ⁽¹⁾	Per Capita Income ⁽²⁾	Total Personal Income	Unemployment Rate ⁽³⁾
2024	14,608	\$ 57,600	\$ 841,420,800	4.50%
2023	14,594	58,082	847,648,708	3.00%
2022	14,472	53,557	775,081,969	3.00%
2021	14,217	51,007	725,166,519	2.90%
2020	13,931	49,909	695,282,279	2.80%
2019	13,441	45,324	609,199,884	2.30%
2018	13,289	43,086	572,569,854	2.40%
2017	13,116	40,465	530,738,940	3.80%
2016	12,898	40,065	516,758,370	4.50%
2015	12,730	38,450	489,468,500	4.50%

⁽¹⁾ Furnished by the Bureau of Economic and Business Research.

⁽²⁾ Furnished by the U.S. Census Bureau - Quick Facts.

⁽³⁾ Furnished by the Bureau of Labor Statistics.

Demographics
(Unaudited)

2024

Land area (miles)	
Square miles incorporated	7.53
Land	6.78
Water	0.75
Gulf-front	6.60
Bay-front	5.81
City maintained streets	66.23
Paved	66.23
Unpaved	0.00
Estimated population	
Year-round	14,608
Seasonal-peak	100,000
Gender composition	
Female	47.3%
Male	52.7%
Racial composition	
White	83.3%
Hispanic	8.6%
Black	3.4%
American Indian	1.0%
Asian	0.8%
Other	2.9%
Median household income	\$89,141
Median earnings for full-time year-round workers	\$62,727
Number of households	14,148
Households with homestead exemption	3,522
Unemployment rate	4.50%

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

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

City of Destin, Florida

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

Employer	September 30, 2024				September 30, 2015		
	Approximate Number of Employees	Rank	Percent of Estimated Population		Approximate Number of Employees	Rank	Percent of Estimated Population
Walmart Supercenter	450	1	3.1%	ResortQuest International, Inc	1,150	1	9.0%
Big Kahuna's Water & Adventure Park	300	2	2.1%	AJ's Seafood and Oyster House	175	2	1.4%
Fudpuckers	250	3	1.7%	Crab Trap	175	3	1.4%
The Home Depot	224	4	1.5%	Cracker Barrel	175	4	1.4%
Margaritaville Restaurant	200	5	1.4%	Destin Healthcare and Rehabilitation	175	5	1.4%
McGuire's Irish Pub of Destin	200	6	1.4%	Harbor Docks	175	6	1.4%
Destination Health & Rehabilitation	160	7	1.1%	Charter Boat's	175	7	1.4%
AJ's Seafood & Oyster Bar	153	8	1.0%	Holiday Inn	175	8	1.4%
Target	150	9	1.0%	Lucky Snapper Grill & Bar	175	9	1.4%
Destin Fire Control District	150	10	1.0%	Track Recreation Center	175	10	1.4%
Total			<u>15.31%</u>	Total			<u>21.41%</u>

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

City Employees - Last Five Years
(Unaudited)

1 FTE = 2080 hours/year

	2024	2023	Fiscal Year 2022	2021	2020
City Manager's Office					
City Manager	1.00	1.00	1.00	1.00	1.00
Deputy City Manager	-	1.00	1.00	1.00	1.00
Sr Administrative Professional	1.00	1.00	1.00	1.00	1.00
Public Information Manager	1.00	1.00	1.00	1.00	1.00
Grants Projects Manager	1.00	1.00	1.00	1.00	1.00
Assistant City Manager	1.00	-	-	-	-
Public Information Intern	0.73	0.73	-	-	-
Receptionist (2 PT @29 hours/week)	1.45	1.45	1.45	1.45	1.45
Subtotal	7.18	7.18	6.45	6.45	6.45
City Clerk's Office					
City Clerk	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	1.00	1.00	1.00	1.00	1.00
Records Technician	1.00	1.00	1.00	1.00	1.00
Subtotal	3.00	3.00	3.00	3.00	3.00
Finance & Budget					
Finance Director	0.90	0.90	1.00	1.00	1.00
Accountant	0.90	0.90	1.00	1.00	1.00
Accounting Clerk (AP)	0.90	0.90	1.00	1.00	0.50
Payroll Accounting Clerk	0.90	0.90	-	-	-
Accounting Clerk	0.90	0.90	-	-	-
Intern Finance	0.65	0.65	-	-	-
Subtotal	5.15	5.15	3.00	3.00	2.50
Human Resources					
HR/Risk Manager	1.00	1.00	1.00	1.00	1.00
HR the best Specialist	1.00	1.00	0.73	0.73	0.73
Subtotal	2.00	2.00	1.73	1.73	1.73
Facilities					
Maintenance Technician - Facilities	1.26	2.00	2.00	2.00	2.00
Maintenance Technician - Custodian	0.63	1.00	1.00	1.00	1.00
Subtotal	1.89	3.00	3.00	3.00	3.00
Community Development Office					
Community Development Director	0.67	0.67	0.67	0.67	1.00
Administrative Assistant	0.75	0.75	0.75	0.50	1.00
Principal Planner	0.90	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	1.00	1.00
Planner	3.00	3.00	3.00	3.00	3.00
Geographic Information Systems Manager	1.00	1.00	1.00	1.00	1.00
Business Tax License Clerk	1.00	1.00	1.00	1.00	-
Subtotal	8.32	8.42	8.42	8.17	8.00
Information Technology					
IT Director	1.00	1.00	1.00	1.00	1.00
System Administrator	1.00	1.00	1.00	1.00	1.00
Systems Network Specialist	1.00	1.00	1.00	1.00	1.00
Subtotal	3.00	3.00	3.00	3.00	3.00
SUBTOTAL GENERAL GOVERNMENT	30.53	31.74	28.60	28.35	27.68

City Employees - Last Five Years
(Unaudited)

1 FTE = 2080 hours/year

	2024	2023	Fiscal Year 2022	2021	2020
Public Safety					
Crossing Guards (3 PT Seasonal)	0.90	0.90	0.90	0.90	0.90
Subtotal	0.90	0.90	0.90	0.90	0.90
Code Compliance					
Code Compliance Director	0.90	0.90	0.90	0.90	1.00
Code Compliance Deputy Director	0.90	0.90	0.90	0.90	-
Harbor Compliance Officer	-	0.90	0.90	0.90	1.00
Code Compliance Officers (5 FT @90% plus 1 PT @90%)	12.46	5.15	5.15	3.61	5.50
Administrative assistant	0.90	0.90	0.90	0.90	1.00
Subtotal	15.16	8.75	8.75	7.21	8.50
Emergency Management					
Emergency Management Director	0.20	0.20	-	-	-
Subtotal	0.20	0.20	-	-	-
Florida Building Code Enforcement (Building Inspections)					
Physical Environ/Stormwater allocation	0.15	-	-	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00
Building Inspector	2.00	2.00	2.00	2.00	1.00
Plans Examiner	1.00	1.00	1.00	1.00	1.00
Permit & License Tech	2.00	1.00	1.00	1.00	1.00
Permit & Licensing Administrator	1.00	1.00	1.00	1.00	1.00
Permit & Licensing Clerk	1.00	1.00	1.00	1.00	1.00
Code Compliance allocation (14.@10%)	1.40	0.90	0.97	0.80	-
Engineering/Stormwater allocation (1@60%+ 1x 0.10)	0.70	0.80	0.20	0.20	-
Com Dev Administrative allocation (1@25%; 1@33%)	0.58	0.58	0.58	0.83	-
Subtotal	10.83	9.28	8.75	9.83	7.00
SUBTOTAL PUBLIC SAFETY	27.09	19.13	18.40	17.94	16.40
Physical Environment					
Stormwater Management (Engineers 1x10%+1x20%)	0.30	0.40	1.00	1.00	1.00
Stormwater Maintenance Tech	1.00	1.00	-	-	-
Stormwater Director	0.20	0.20	-	-	-
Stormwater Specialist	0.85	-	-	-	-
Equipment Operator	0.40	0.40	1.00	1.00	-
Subtotal	2.75	2.00	2.00	2.00	1.00
SUBTOTAL PHYSICAL ENVIRONMENT	2.75	2.00	2.00	2.00	1.00
Public Works Department					
Public Works Director	0.60	0.60	1.00	1.00	1.00
Deputy Public Works Director	1.00	1.00	1.00	1.00	1.00
Field Crew Supervisor	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Mechanic	0.67	0.67	1.00	1.00	1.00
Maintenance Technician-General	4.00	4.00	4.00	4.00	2.00
Equipment Operator	0.60	0.60	-	-	1.00
Computer Aided Design Operator	1.00	1.00	1.00	1.00	1.00
Maintenance Technician/Mechanic	1.00	1.00	1.00	1.00	1.00
Subtotal	10.87	10.87	11.00	11.00	10.00
Engineering					
City Engineer (P.E.)	1.00	0.80	1.00	1.00	1.00
Engineering Assistant	1.00	0.20	-	-	-
Engineering Site Inspector	0.20	-	-	-	-
Engineer	0.80	0.80	1.00	1.00	1.00
Subtotal	3.00	1.80	2.00	2.00	2.00
SUBTOTAL TRANSPORTATION	13.87	12.67	13.00	13.00	12.00

City Employees - Last Five Years
(Unaudited)

1 FTE = 2080 hours/year

	Fiscal Year				
	2024	2023	2022	2021	2020
Community Redevelopment Agency					
CRA Manager (Town Center)	0.05	-	-	-	-
CRA Manager (Harbor)	0.05	-	-	-	-
CRA Finance Administrative Clerk (Town Center)	0.25	0.25	-	-	0.25
CRA Finance Administrative Clerk (Harbor)	0.25	0.25	-	-	0.25
Subtotal	0.60	0.50	-	-	0.50
SUBTOTAL ECONOMIC DEVELOPMENT	0.60	0.50	-	-	0.50
Library					
Library Director	1.00	1.00	1.00	1.00	1.00
Technical Services (Cataloger)	1.00	1.00	1.00	1.00	1.00
Circulation Desk Supervisor	1.00	1.00	1.00	1.00	1.00
Circulation Desk	1.00	1.00	1.00	1.00	1.00
Youth Services Librarian	1.00	1.00	1.00	1.00	1.00
Technology Specialist	1.00	1.00	1.00	1.00	1.00
Library Assistant (4 PT at 29/40 hrs/week)	3.18	2.90	2.90	2.90	2.90
Custodian	1.11	0.74	-	-	-
Subtotal	10.29	9.64	8.90	8.90	8.90
Parks (includes TDC/Waterfront and FDEP/Leonard Destin)					
Parks & Recreation Director	1.00	1.00	1.00	1.00	1.00
Parks & Recreation Deputy Director	1.00	1.00	1.00	1.00	1.00
Park Supervisor	1.00	1.00	1.00	1.00	1.00
Assistant Park Supervisor	1.00	1.00	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00	1.00	1.00
Maintenance Technician	16.18	12.11	11.45	11.45	11.45
Joe's Bayou Attendant (3 PT at 29/40 hrs/week)	2.18	2.18	2.18	1.45	1.45
Subtotal	23.36	19.29	18.63	17.90	17.90
Morgan Sports Complex					
Recreation Assistant	1.00	3.18	-	-	-
Recreation Program Coordinator	2.00	1.00	1.00	1.00	1.00
Recreation Assistant II	1.00	1.00	1.00	1.00	1.00
Recreation Assistant (2 PT at 29/40 hrs/week)	2.35	1.45	1.45	1.45	1.45
Field Maintenance Supervisor	-	-	-	-	-
Field Maintenance Technician	2.00	3.00	2.00	2.00	2.00
Parks Maintenance Tech/Mechanic	1.00	-	-	-	-
Groundskeeper	1.00	0.67	1.00	1.00	1.00
Scorekeepers (2 PT at 29/40 hrs/week)	-	-	1.45	1.45	1.45
Subtotal	10.35	10.30	7.90	7.90	7.90
Community Center					
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00
Recreation Assistant II	2.00	1.00	1.00	1.00	1.00
Recreation Assistant (1 FT + 2 PT at 29/40)	3.90	5.18	2.45	2.45	2.45
Program Coordinator	-	1.00	1.00	1.00	1.00
Lead Program Coordinator	1.00	1.00	1.00	1.00	1.00
Maintenance Technician	2.00	1.00	2.00	2.00	2.00
Customer Service Recreation Specialist	1.00	1.00	1.00	1.00	1.00
Camp Counselors (4 PT at 29/40 hrs/week)	1.77	2.90	2.90	2.90	2.90
Subtotal	12.67	14.08	12.35	12.35	12.35
SUBTOTAL CULTURE & RECREATION	56.67	53.31	47.78	47.05	47.05
Total budgeted FTEs	131.51	119.34	109.78	108.34	104.63
Total actual FTEs (labor hours/2080)	103.30	93.12	91.31	92.32	86.37

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

Source: Payroll

OTHER REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Destin, Florida (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bradenton, Florida
February 20, 2025

Mauldin & Jenkins, LLC

CITY OF DESTIN, FLORIDA
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial
statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified not considered
to be material weaknesses?

_____ yes X no

Noncompliance material to financial statements noted?

_____ yes X no

Federal Programs and State Financial Assistance Projects

There was not an audit of major federal awards or state financial assistance programs as of September 30, 2024,
due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None noted.

SECTION III
STATE PROJECT FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF DESTIN, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

None reported.



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Destin, Florida (the "City"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated February 20, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 20, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Bradenton, Florida
February 20, 2025

Mauldin & Jenkins, LLC

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Destin, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the City is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2024.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
February 20, 2025

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