



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF
THE CITY OF NICEVILLE, FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

CITY OF NICEVILLE, FLORIDA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

Prepared By:

Finance Department

**Dan Doucet
City Clerk**

**CITY OF NICEVILLE, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2022**

CITY COUNCIL 2021-2022

Cathy Alley

Carl Donahoo

Sal Nodjomian

Bill Schaetzle

Abner Williams

CITY OFFICIALS

Mayor

Daniel Henkel

City Manager

Lannie Corbin

City Clerk

Dan Doucet

City Attorney

Dixie D. Powell

Director of Public Works

Jonathan Laird

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Lannie L. Corbin
City Manager



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

The annual comprehensive financial report of the City of Niceville, Florida for the fiscal year ended September 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operation of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

CITY PROFILE

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

The City provides a full range of services. These services include police and fire protection, protective inspections, emergency and disaster relief, sanitation, construction and maintenance of highways, streets and infrastructure, recreational activities, and cultural events. The City evaluated various other entities associated with the City, for potential inclusion as a component unit within the City's financial statements under Governmental Accounting Standards Board (GASB) criteria established to define the reporting entity.

The Niceville-Valparaiso Regional Sewer Board, Inc., the Niceville Housing Authority, and the East Niceville Fire District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. However, the City is a joint venture participant in the Niceville-Valparaiso Regional Sewer Board, Inc. and, as such, does include its respective share of the joint venture profits and losses within the City's Water and Sewer Enterprise Fund.

OKALOOSA COUNTY PROFILE

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

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

Okaloosa County encompasses an area of 1,082 square miles, including 152 square miles of inland waters, and has a total population of approximately 213,204. The incorporated City of Niceville has a population of 16,186, while an estimated total of 34,000 people reside in the entire Niceville area, which includes those living within Niceville City limits, plus people living in the nearby unincorporated areas within the 32578 zip code. The Eglin Military Reservation, three miles west of Niceville, is the world's largest installation of its kind. Its facilities, including undeveloped acreage, are located in the central and southern portions of the County.

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

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

OKALOOSA COUNTY HISTORY

Early Indian cultures, Spanish explorers, and pirates all contributed to the colorful past of this part of Florida. In the first years of settlement, lumber and naval stores, selling tar, pitch, spirits of turpentine and resin, were abundant in this region and furnished much of the livelihood for the sparse population. The early pioneers were self-sufficient hunters, farmers, and fishermen with water as their sole means of transportation.

Okaloosa County was created on September 7, 1915, by an act of Florida Legislature from parts of two other counties. The name "Okaloosa" is an Indian derivation meaning water (oka) and black (lusa). Another Indian derivative means pleasant place.

CLIMATE

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

NICEVILLE AND VALPARAISO - HISTORY AND FACTS

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

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

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

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

NICEVILLE COVID-19 PANDEMIC RESPONSE AND OUTLOOK

During fiscal year 2022, along with the rest of the nation, the Niceville community adapted to the evolving and less threatening pandemic conditions. As natural and vaccine-induced immunity increased among residents, there were fewer and less severe outbreaks of the virus. For employees, the City’s sick-leave policy permits employees to take time to isolate and recover when affected. City officials continue to monitor and comply with state and federal guidance for working through the pandemic.

ECONOMIC CONDITION AND OUTLOOK

The City of Niceville, Florida, is located in the northwestern Panhandle area of the state, approximately 50 miles east of Pensacola, in central Okaloosa County. Niceville is adjacent to Eglin Air Force Base (AFB), the world’s largest military installation. Eglin AFB is Okaloosa County’s largest employer, providing many high-paying jobs in munitions development and testing. The military’s total economic impact on Okaloosa County amounts to approximately \$8.8 billion annually. Numerous defense industry-affiliated personnel in the area provide high-tech intellectual skills for a number of businesses. Due to its proximity to Eglin AFB, and the above-mentioned defense industry relationship, the City only experiences mild economic recessions in comparison to other parts of the nation.

Located outside the City is the two-story, 116,000 square-foot Destin-Fort Walton Beach Airport. It was rebuilt in 2004 with a more spacious passenger terminal, and two longer and wider runways were built to handle the largest jets. Five airlines operating direct flights between the airport and 40 US cities, served nearly two million passengers in 2021. In late September 2021, Destin-Fort Walton Beach Airport achieved the Global Biorisk Advisory Council (GBAC) STAR accreditation, considered the gold standard for facility cleanliness. To accomplish this, the airport has implemented the most stringent protocols for cleaning, disinfecting, and preventing infectious disease.

Okaloosa County remains a leading technology-based industrial center, making it Florida's premier world-class employer for engineers, scientists, and technology experts. Okaloosa County is home to the University of Florida's Research and Engineering Education Facility (REEF), an extension of the Herbert Wertheim College of Engineering, where top engineers earn their master's or doctoral degrees in mechanical, aerospace, electrical, computer, or industrial systems engineering.

Attributes that make Niceville a wonderful place to live also make it a great place to do business. Hardworking, highly skilled, and educated people are available for employment. Niceville, the home of the annual Boggy Bayou Fireworks Show, was ranked first, as the best place to raise kids by *BusinessWeek* magazine in 2012, and as the best place to live by the *Smarter Travel* website in 2016. In addition, the active and retired military personnel who live in this area greatly stimulate the economy. Many residents have served our great nation all over the world and have chosen Niceville and Okaloosa County as the place they prefer to make their home.

LABOR AND INDUSTRY

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

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

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

EDUCATIONAL ACHIEVEMENTS

Niceville schools are considered among the best in the high-performing Okaloosa County School District. Niceville High School (NHS) is consistently at the top when it comes to academics, athletics and extracurricular activities. Seniors have earned in excess of \$10 million dollars in scholarships in recent years. Recognized throughout this State and Nation, Niceville High School's reputation as a formidable foe continues to strengthen in academic and athletic competitions. NHS has a robust sports program with strong participation and excellent coaching. During the 2021-22 school year, at least three Niceville High School sports teams, boys' track and field, cheerleading, and dance, won the state championship in their respective sports.

NHS administration, along with a staff of approximately 150, are successfully educating over 2,100 students every day. Accredited by the Southern Association of Colleges and Schools, Niceville High School has been named a New American High School by the U. S. Department of Education, one of only 13 in the Nation to earn that honor. NHS was acclaimed nationally as a *Blue-Ribbon School of Excellence* and rated an "A" school by Florida's Commissioner of Education. Niceville High School has been the recipient of the Florida Department of Education's prestigious Five-Star Award, given to schools which show evidence of exemplary community and parent involvement. For the 2021-22 school year, the Florida Department of Education reported that Niceville High School students achieved Science "End-of-Course" Assessment scores higher than 87 percent of other school districts in the State.

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

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

The Collegiate High School (CHS), located on the main Niceville campus of Northwest Florida State College (NWFSC), routinely ranks among the best high schools in the State of Florida. CHS opened in 2000 as a fully accredited school receiving accreditation from the Southern Association of Colleges and Schools, and AdvancED, which is an international non-profit, non-governmental primary and secondary school-accrediting organization. For the 2021-22 school year, CHS had an initial enrollment of approximately 350 students. CHS has consistently ranked in the top five percent of high schools in the U.S. Department of Education (DOE) School Accountability Report. CHS was awarded distinction by the DOE as one of only four Florida schools to be named a *Blue-Ribbon School of Excellence* in 2013.

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

The DOE granted NWFSC \$2.00 million to expand its dual-enrollment program at CHS. Highly competitive, academically rigorous programs are provided for students interested in earning an associate degree while attending high school. An advanced program of study provides the opportunity for students to earn a traditional high school diploma and a two-year college degree simultaneously. College transfer credits earned at NWFSC are acceptable at all public universities and colleges in the State of Florida and nationwide. CHS provides a wide array of student activities with a variety of clubs to meet the interests of a diverse student population.

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

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

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

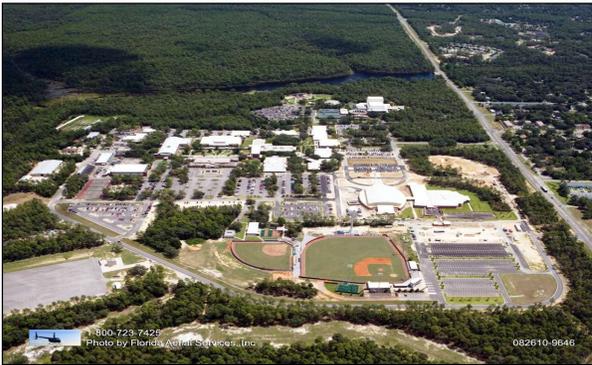
Niceville is also home to a private elementary school, Rocky Bayou Christian School. Rocky Bayou enrolls approximately 645 students on two campuses for pre-kindergarten through twelfth grade classes featuring an environment based on religious principles. The school employs a two-track grade system, with one track for advanced students, and offers programs for learning-disabled students. In October 2020, Rocky Bayou Christian School was rated by TheBestSchools.org as one of the 50 best Christian high schools, out of nearly 12,000 private Christian high schools in America.

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



Performing Arts Center at Northwest Florida State College

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



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

NICEVILLE YOUTH ADVISORY COUNCIL

The City of Niceville established a Youth Advisory Council in 2013 under the leadership of Councilman Sal Nodjomian. The Youth Council has been very active by representing the youth population in the City. It shared the top prize in 2017, 2020, and 2022 in the Florida League of Cities' (FLOC) Municipal Youth Council Community Service competition. The Youth Council also won the FLOC Municipal Youth Council video competition in 2019 and placed third in the 2016 video competition. The Youth Council traveled to Tallahassee in 2016 and 2017 to learn more about government at the state level.

MAJOR INITIATIVES

National Flood Insurance Program

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

Fire Insurance Classification

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

Recreation Trails

Niceville's Turkey Creek Nature Park has been expanding and improving over the past 32 years. Since 1990, the City has added over 190 acres to the park, mostly through grants and donations, including three Florida Communities Trust (FCT) grants and two Florida Recreational Development Assistance Program (FRDAP) grants. These grants have funded improvements including a pavilion, a deck, and bridges across the 4,000 feet of elevated boardwalk along Turkey Creek. Additionally, partnership money from the U.S. Fish & Wildlife Service has paid in part for interpretative signage describing native flora and fauna along the boardwalk. Other grant-funded improvements include a canoe/kayak launch and recovery facility, a fishing platform, an access trail and observation deck, restroom facilities, driveway access from College Boulevard, additional parking, and landscaping improvements.

Turkey Creek Park



Recreation Facilities

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



Children's Park

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

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

Niceville Library

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



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

Niceville Community Center

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



Lion's Park

Lions Park

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

Niceville Senior Center

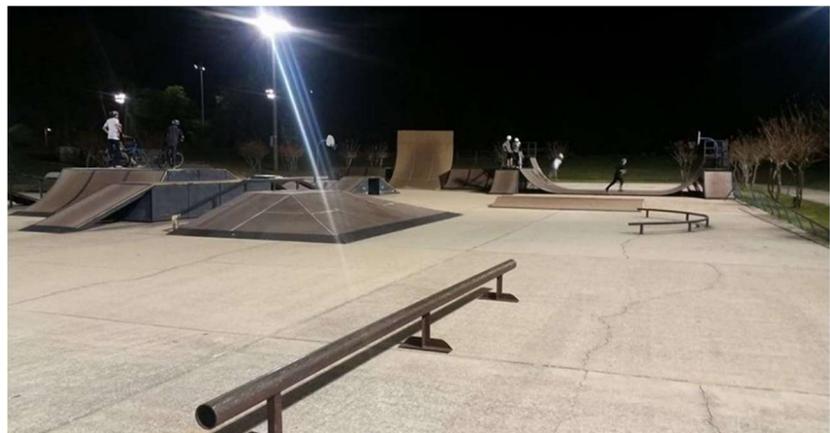
On December 11, 2018, the Niceville Senior Center, located at 201 Campbell Drive, opened with a celebration that included a ribbon-cutting, refreshments and a performance by a premier Niceville High School vocal group, Opus One. The Senior Center empowers and enhances the lives of adults 55 and older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

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



DEPARTMENT FOCUS

Although the City has designated departments within the organizational structure, we do not single out individual departments for recognition but view our organization as one unit. Under this team concept, we have expanded a soccer field complex into off-season utilization of two additional little league softball fields and have constructed our recreation trails utilizing in-house personnel and equipment.



Youth Center Skate Park

The City of Niceville and the Community of Niceville have joined forces to supply lights to the Twin Oaks Recreation Area. Niceville is proud of the athletics in the community and this project will help feed local programs so children can have the opportunity to learn sports in proper facilities. Now the Twin Oaks recreation complex will have proper lighting so that children can play and practice with adequate lighting after dark. Two new pickleball courts have been added to the Senior Center facility and are equipped with LED lights for night use. An additional three courts and a putting green were added to the facility in 2022.

A new neighborhood park was named and completed with a walking trail, basketball court, and several benches. We have a City-wide beautification program involving planting wildflowers along the right of way, shrubs, flowers, and trees in the highway medians and a series of benches and swings for pedestrians to sit, rest, and reflect during their walking or jogging program.

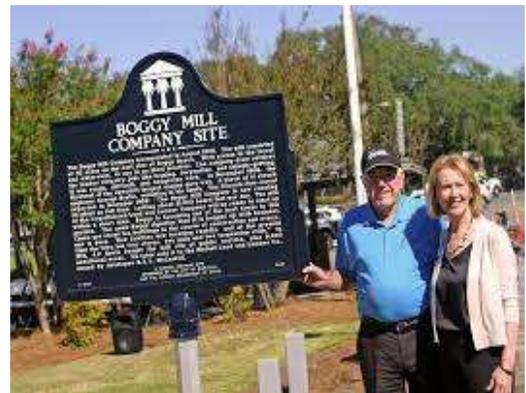
We saved over \$100,000 in construction costs for our skate park through the in-house concept. This approach has instilled civic pride throughout the City's departments which has grown onward to the citizens and visitors of our community. Our beautification efforts have been used by representatives from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

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



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

The *Boggy Mill Company Site* historical marker demarcates where a sawmill was located on 40 acres on the east side of Boggy Bayou, which is present day Niceville. The Boggy Mill Company incorporated in 1908, creating local jobs in logging, turpentine, and shingle-getting. The company was purchased by J.P. Rawls in 1912 and later purchased by developer R.E.L. McCaskill.



PUBLIC & PRIVATE RECREATION / OPEN SPACE EXISTING NICEVILLE FACILITIES

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

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

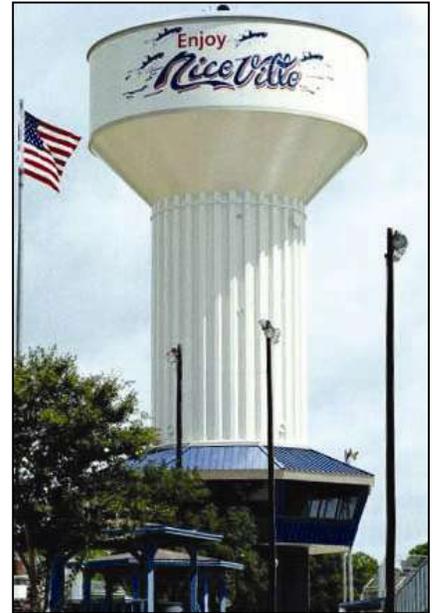
FOR THE FUTURE

Infrastructure improvements include water projects including a new water well, \$2,750,000; Benton Avenue, \$200,000; Edrehi Area, \$230,000; and other miscellaneous water projects \$150,000.

Sewer projects budgeted in fiscal year 2023 include: force main upgrades for Cedar Avenue, \$2,075,000; sewer re-routing at Eula Drive and Roscommon Boulevard, \$475,000; and a project for bypass pumping machines at four lift stations, \$230,000.

Re-use water projects scheduled for FY23 include \$1,200,000 toward a project to pipe re-use water to Deer Moss Creek Subdivision and \$40,000 for repairs to the access road to the Eglin re-use pumping station.

Stormwater drainage projects include Thomas Branch, \$200,000; Boggy Bayou restoration, \$1,100,000; Gracie Lane Woodridge, \$60,000; Bayshore Villas outfall pipe replacements, \$25,000; Hill Lane improvements, \$950,000; and Valparaiso Boulevard swale restoration, \$600,000. In total, fiscal year 2022 stormwater projects are funded in the amount of \$2,945,000.



OTHER INFORMATION

Cash Management

Where safety and liquidity requirements permit, some of the City's cash funds, on hand from time to time during the year, were invested in money market accounts or in negotiable certificates of deposit held in a safekeeping account at a qualified public depository. The City's investment policy parallels 218.415 F.S., which dictates that optimization of investment returns shall be secondary to the requirements for safety and liquidity. Accordingly, all investments were adequately insured by the Federal Deposit Insurance Corporation or were collateralized in accordance with Florida law. All deposits and investments are placed with a primary goal of low risk of loss of principal and adequate liquidity, while earning competitive returns considering the primary goals.

Budget Process

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

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Niceville for its annual comprehensive financial report for the fiscal year ended September 30, 2021. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the 36th consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

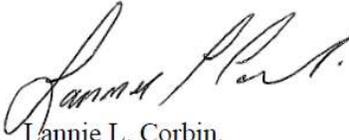
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

Sincerely,



Lannie L. Corbin,
City Manager

March 24, 2023



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Niceville
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

City of Niceville, Florida
ORGANIZATIONAL CHART
 Year Ended September 30, 2022



II. FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Niceville, Florida

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Community Redevelopment Agency (CRA) Fund, and Discretionary Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Fort Walton Beach, Florida
March 24, 2023

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

As management of the City of Niceville, Florida (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-xvi of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$70.2 million (net position), which represents an increase of \$3.6 million from the prior year.
- Of the \$70.2 million of net position on September 30, 2022, \$42.6 million represents investments in capital assets (e.g., land, construction in progress, infrastructure, building, machinery and equipment) less any related debt used to acquire these assets that is still outstanding, \$12.5 million is restricted by external sources or enabling legislation, and \$15.2 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2022, the unfunded net pension liability increased by \$7.7 million, for a total liability of \$12.4 million at year end. Of this increase, \$6.2 million relates to governmental activities, and \$1.5 million relates to business-type activities.
- The City's governmental funds reported ending fund balance of \$10.1 million, which represents a \$744 thousand increase from the prior year. Ending fund balance of \$5.1 million is restricted or assigned for specific purposes, and \$5.0 million is available for spending at the discretion of the City Council. Unassigned fund balances represent 30.9% of the total operating expenditures for the City's governmental funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements consolidate governmental and business-type activities into two columns, which add to a total for primary government. This provides readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

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

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

Fund Financial Statements

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

FUNDS

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financial requirements. Found on pages 21 - 27 of this report are the basic governmental fund financial statements.

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of individuals or private organizations. The City has a Scholarship Trust Fund that is used to account for resources held pursuant to the Katie W. Moody Estate and Will. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Found on pages 33 - 34 of this report are the fiduciary fund financial statements.

NOTES TO FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$70.2 million (net position) for the fiscal year ended September 30, 2022, as reported in Table 1.

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

By far the largest portion of the City's net position, \$42.6 million (or 60.6%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City reports investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

**TABLE 1
CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022 AND 2021
(In Thousands of Dollars*)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 15,146 | \$ 14,201 | \$ 37,150 | \$ 32,913 | \$ 52,296 | \$ 47,114 |
| Capital assets | 20,302 | 19,670 | 32,646 | 32,488 | 52,948 | 52,158 |
| Total assets | 35,448 | 33,871 | 69,796 | 65,401 | 105,244 | 99,272 |
| Deferred outflows related to pensions | 2,896 | 2,196 | 709 | 538 | 3,605 | 2,734 |
| Deferred outflows related to OPEB | 1,266 | 1,378 | 503 | 547 | 1,769 | 1,925 |
| Deferred charges on refunding | - | - | 181 | 197 | 181 | 197 |
| Total deferred outflow of resources | 4,162 | 3,574 | 1,393 | 1,282 | 5,555 | 4,856 |
| Long-term liabilities outstanding | 14,652 | 10,114 | 11,489 | 11,725 | 26,141 | 21,839 |
| Other liabilities | 5,851 | 5,632 | 6,294 | 2,806 | 12,145 | 8,438 |
| Total liabilities | 20,503 | 15,746 | 17,783 | 14,531 | 38,286 | 30,277 |
| Deferred inflows related to pensions | 428 | 5,621 | 105 | 1,376 | 533 | 6,997 |
| Deferred inflows related to OPEB | 1,272 | 172 | 505 | 68 | 1,777 | 240 |
| Total deferred inflow of resources | 1,700 | 5,793 | 610 | 1,444 | 2,310 | 7,237 |
| Net position | | | | | | |
| Net investment in capital assets | 18,707 | 17,552 | 23,856 | 23,143 | 42,563 | 40,695 |
| Restricted | 4,651 | 3,595 | 7,814 | 6,338 | 12,465 | 9,933 |
| Unrestricted | (5,951) | (5,241) | 21,126 | 21,227 | 15,175 | 15,986 |
| Total net position | \$ 17,407 | \$ 15,906 | \$ 52,796 | \$ 50,708 | \$ 70,203 | \$ 66,614 |

**all dollar amounts rounded to the nearest thousand*

An additional portion of the City's net position, \$12.5 million, represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net position, \$15.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

The overall increase in the City's net position was \$3.6 million during fiscal year 2022. The net position of governmental activities increased \$1.5 million, which is attributable to capital asset additions exceeding related depreciation by \$632 thousand and delays in the commencement of other planned capital projects. The net position of business-type activities increased \$2.1 million primarily due to utilizing \$1.2 million of American Rescue Plan Act (ARPA) grant funding to construct wastewater system bypass pumps at four lift stations.

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

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

**TABLE 2
CITY OF NICEVILLE, FLORIDA
CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 1,180,696 | \$ 1,164,884 | \$ 12,945,800 | \$ 12,609,221 | \$ 14,126,496 | \$ 13,774,105 |
| Operating grants & contributions | 351,069 | 1,674,745 | 58,430 | 535,437 | 409,499 | 2,210,182 |
| Capital grants and contributions | 221,246 | 705,234 | 2,195,838 | 1,017,553 | 2,417,084 | 1,722,787 |
| General revenues | | | | | | |
| Property taxes | 4,743,387 | 4,457,247 | - | - | 4,743,387 | 4,457,247 |
| Other taxes | 8,566,360 | 7,983,377 | - | - | 8,566,360 | 7,983,377 |
| Other revenue | 1,204,792 | 856,084 | 415,300 | 444,337 | 1,620,092 | 1,300,421 |
| TOTAL REVENUES | 16,267,550 | 16,841,571 | 15,615,368 | 14,606,548 | 31,882,918 | 31,448,119 |
| EXPENSES | | | | | | |
| Primary government | | | | | | |
| General government | 3,522,888 | 3,550,849 | - | - | 3,522,888 | 3,550,849 |
| Public safety | 5,783,696 | 5,653,758 | - | - | 5,783,696 | 5,653,758 |
| Transportation | 1,240,065 | 1,293,274 | - | - | 1,240,065 | 1,293,274 |
| Internal services | 962,854 | 809,847 | - | - | 962,854 | 809,847 |
| Economic environment | 164,722 | 820,649 | - | - | 164,722 | 820,649 |
| Human services | 95,556 | 78,925 | - | - | 95,556 | 78,925 |
| Culture and recreation | 3,750,506 | 3,393,067 | - | - | 3,750,506 | 3,393,067 |
| Debt service interest and fees | 46,398 | 68,195 | - | - | 46,398 | 68,195 |
| Business-type activities | | | | | | |
| Water and sewer | - | - | 8,278,466 | 7,315,094 | 8,278,466 | 7,315,094 |
| Sanitation | - | - | 3,874,282 | 3,297,357 | 3,874,282 | 3,297,357 |
| Stormwater | - | - | 574,365 | 522,043 | 574,365 | 522,043 |
| TOTAL EXPENSES | 15,566,685 | 15,668,564 | 12,727,113 | 11,134,494 | 28,293,798 | 26,803,058 |
| Increase in net position | | | | | | |
| before transfers | 700,865 | 1,173,007 | 2,888,255 | 3,472,054 | 3,589,120 | 4,645,061 |
| Transfers | 800,000 | 700,000 | (800,000) | (700,000) | - | - |
| Increase in net position | 1,500,865 | 1,873,007 | 2,088,255 | 2,772,054 | 3,589,120 | 4,645,061 |
| NET POSITION, BEGINNING | 15,906,443 | 14,033,436 | 50,707,855 | 47,935,801 | 66,614,298 | 61,969,237 |
| NET POSITION, ENDING | \$ 17,407,308 | \$ 15,906,443 | \$ 52,796,110 | \$ 50,707,855 | \$ 70,203,418 | \$ 66,614,298 |

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

FINANCIAL IMPACTS

Normal Impacts

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

Revenues

- **Economic Condition:** This can reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, gas or other tax revenue.
- **Council Approved Rate Adjustments:** While certain tax rates are set by statute, the City Council has significant authority to impose and periodically adjust rates (water, wastewater, impact fees, recreation user fees, etc.).
- **Changing Patterns in Intergovernmental Grant Revenue (both recurring and non-recurring):** Certain recurring revenues (state revenue sharing) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and are often distorting in their impact on year-to-year comparisons.
- **Market Impacts on Investment Income:** The current market conditions have a significant influence on the City's investment income causing it to fluctuate greatly.

Expenses

- **Introduction of New Programs:** Within functional expense categories (police, fire, public works, community development, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- **Authorized Position Adjustments:** Changes in service demand may cause the City Council to change authorized staffing. Staffing costs (salary and related benefits) represent a large portion of the City's operating expenses.
- **Salary Adjustments:** The ability to attract and retain human and intellectual resources requires the City to strive for a competitive salary range position in the marketplace.
- **Inflation:** While overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil and parts. Some fluctuations may experience commodity specific increases.

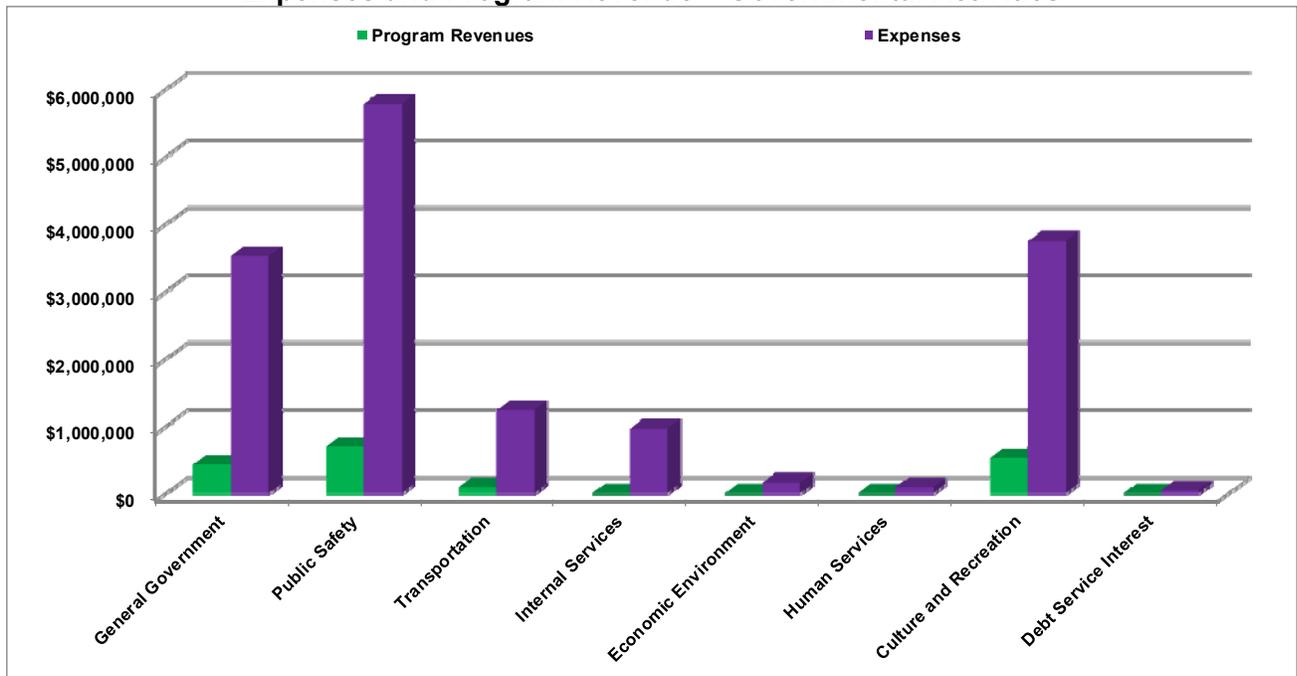
Current Year Impacts – Governmental Activities

- Operating grants and contributions decreased by \$1.3 million, or 79.0%, due to nonrecurring Community Development Block Grant (CDBG) and Coronavirus Aid, Relief, and Economic Security (CARES) Act grant funding awarded and expended in the prior fiscal year.
- Capital grants and contributions decreased by \$484 thousand, or 68.6%, primarily due to nonrecurring state grant funding awarded and expended in the prior year to acquire land at Turkey Creek Park.

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

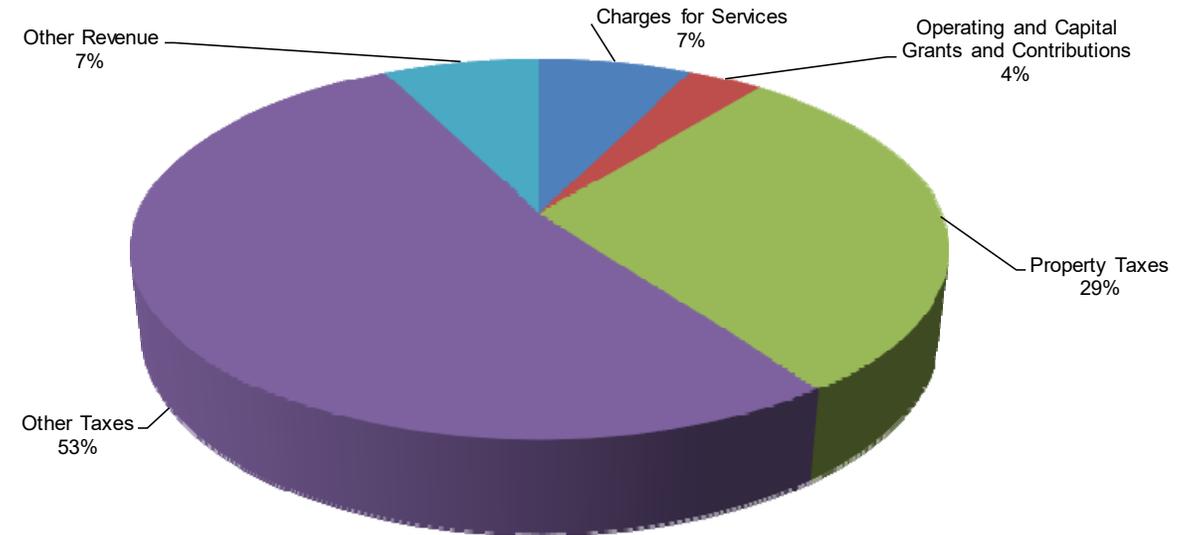
- Other tax revenues increased by \$583 thousand, or 7.3%, which is primarily attributable to an increase in revenues from local sales-based taxes. The increase in revenues derived from taxable sales is indicative of an increase in local spending during fiscal year 2022.
- Economic environment expenses decreased by \$656 thousand, or 79.9%, which is primarily the result of the City expending non-entitlement CDBG funds for affordable housing projects in the prior fiscal year. This decrease is consistent with the related decrease in operating grants and contributions, as the grant revenues were recognized when qualifying expenses were incurred.

**Chart 1
Expenses and Program Revenue – Governmental Activities**



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

**Chart 2
Revenues by Source - Governmental Activities**

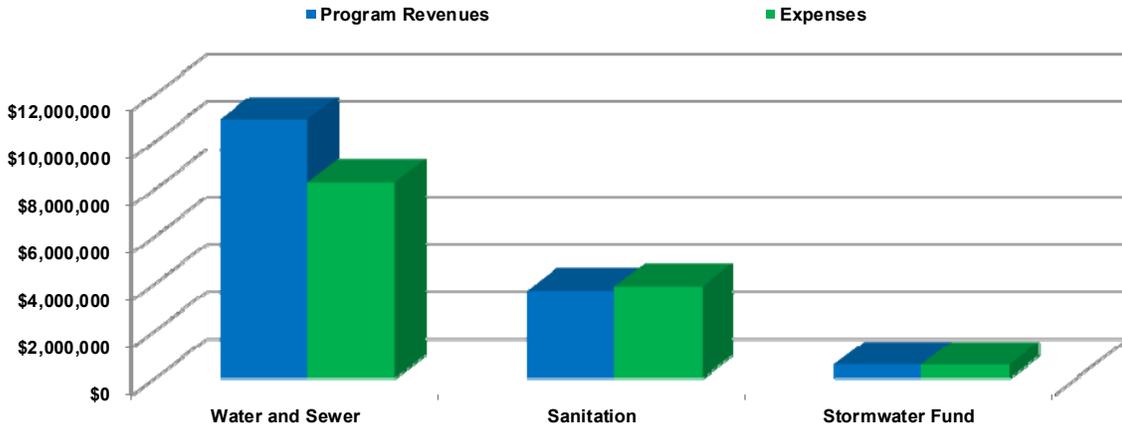


Current Year Impacts – Business-Type Activities

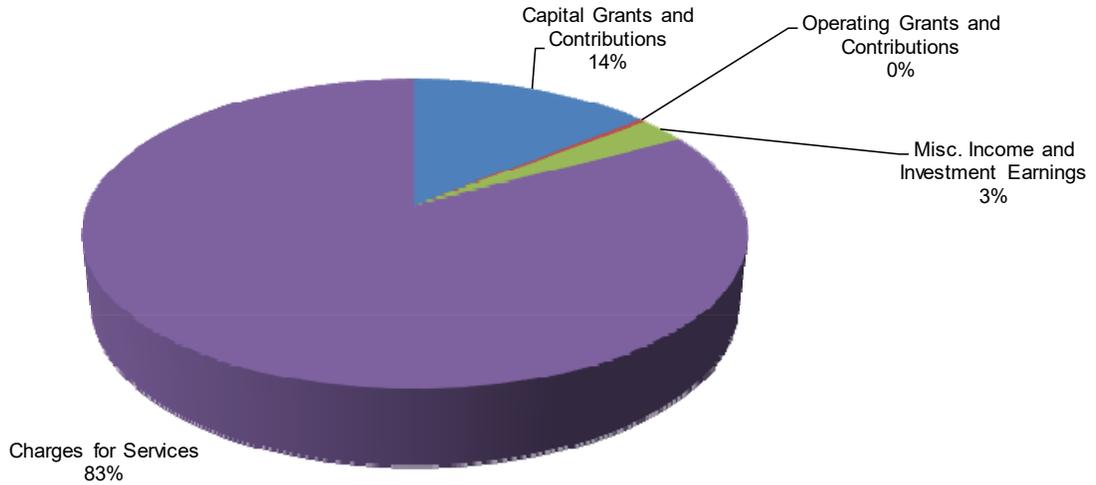
- The net position of business-type activities increased \$2.1 million during the fiscal year.
- Capital grants and contributions increased by \$1.2 million, or 115.8%, which is primarily due to ARPA grant funding expended in fiscal year 2022 to construct new wastewater bypass pumping systems at four lift stations.
- Operating grants and contributions decreased by \$477 thousand, or 89.1%. The decrease is attributable to a decrease in earnings reported by the Niceville-Valparaiso Regional Sewer Board, Inc. (NVRSB).
- Sanitation expenses increased by \$577 thousand, or 17.5%. The largest contributing factor to this increase was an increase in actuarial pension expense due to variances between expected and actual returns on pension plan investments and a decrease in the discount rate used to determine the net pension liability.

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

**Chart 3
Expense and Program Revenue – Business-Type Activities**



**Chart 4
Revenues by Source – Business-Type Activities**



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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 the end of the current fiscal year, the City's governmental funds reported ending fund balance of \$10.1 million, a \$744 thousand increase from the prior year. This increase is primarily attributable to discretionary sales tax surcharge revenues greatly exceeding qualifying capital outlay expenditures due to delays in the commencement of planned capital projects. Approximately \$5.0 million of fund balance constitutes unassigned fund balance, which is available for spending at the City Council's discretion. The remainder of fund balance is classified between nonspendable, restricted, or assigned based on the level of constraints placed on those funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year 2022, unassigned fund balance of the General Fund was \$5.0 million, while total fund balance reached \$5.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 33.6% of the total General Fund expenditures, while total fund balance represents 39.1% of that same amount.

During fiscal year 2022, the fund balance of the City's General Fund decreased by \$323 thousand. In the prior fiscal year, the General Fund's fund balance increased by \$67 thousand. The variance in the change in fund balance can be attributed to nonrecurring CARES Act grant funding expended in the prior year for public safety payroll and employee benefits as well as an increase in debt service expenditures.

During fiscal year 2022, the fund balance of the City's Discretionary Sales Tax Fund increased by \$803 thousand, or 28.2%. This increase is primarily attributable to delays in planned capital projects.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds totaled \$21.1 million at the end of the fiscal year. Of that amount, the Water and Sewer Fund reported unrestricted ending net position of \$20.1 million, the Sanitation Fund totaled \$189 thousand, and the Stormwater Utility Management Fund was \$840 thousand. Net position for proprietary funds increased \$2.1 million during fiscal year 2022. In the prior fiscal year, the net position for the proprietary funds increased \$2.8 million. The variance in the change in net position is primarily attributable to an increase in actuarial pension expense.

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

BUDGETARY HIGHLIGHTS

General Fund

- No amendments were made to the original adopted budget for 2022.
- Actual revenues were more than budgetary expectations by \$650 thousand, which is primarily attributable to unexpected increases in building permit service revenues and sales-based franchise fees remitted by utility service providers.
- Actual expenses were less than budgeted expectations by \$2.7 million, which is attributable to various factors, most notably, labor shortages and delays in the commencement of planned capital projects.

CAPITAL ASSET AND LONG-TERM DEBT OUTSTANDING

Capital Assets

The City's investments in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$52.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and wastewater systems improvements, machinery and equipment, park facilities, roads and highways, etc. The total increase in the City's investment in capital assets for the current fiscal year was \$790 thousand and is summarized in Table 3.

**TABLE 3
CITY OF NICEVILLE, FLORIDA
CAPITAL ASSETS
(NET OF DEPRECIATION)
AS OF SEPTEMBER 30, 2022 AND 2021**

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 6,991,099 | \$ 6,991,099 | \$ 1,487,661 | \$ 1,484,161 | \$ 8,478,760 | \$ 8,475,260 |
| Buildings | 3,016,140 | 3,151,024 | 1,096,952 | 1,177,313 | 4,113,092 | 4,328,337 |
| Improvements other than buildings | 7,463,154 | 6,405,821 | 24,825,617 | 26,160,635 | 32,288,771 | 32,566,456 |
| Infrastructure | 863,812 | 1,053,710 | - | - | 863,812 | 1,053,710 |
| Machinery and equipment | 720,158 | 637,605 | 1,902,116 | 1,495,048 | 2,622,274 | 2,132,653 |
| Construction in progress | 1,248,043 | 1,431,088 | 3,333,736 | 2,170,768 | 4,581,779 | 3,601,856 |
| Total | \$ 20,302,406 | \$ 19,670,347 | \$ 32,646,082 | \$ 32,487,925 | \$ 52,948,488 | \$ 52,158,272 |

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

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

Long-Term Debt Outstanding

At the end of the current fiscal year, the City had long-term debt outstanding of \$10.6 million, which represents a decrease of \$1.1 million from the prior year. The City has no general obligation or special assessment debt. The State of Florida does not place a legal limit of debt on municipalities. For general obligation debts, greater than one year, the City is required to conduct a voter referendum process for approval of this type of debt. The City's outstanding long-term debt is summarized in Table 4 below.

**Table 4
City of Niceville, Florida
Long-Term Debt Outstanding
AS OF SEPTEMBER 30, 2022 AND 2021**

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenue bonds | \$ 915,200 | \$ 1,137,000 | \$ 8,597,150 | \$ 9,008,612 | \$ 9,512,350 | \$ 10,145,612 |
| Commercial notes payable | 189,000 | 252,000 | - | - | 189,000 | 252,000 |
| State revolving fund loans | - | - | 228,461 | 244,024 | 228,461 | 244,024 |
| Financing contracts payable | 501,214 | 787,184 | 145,000 | 289,000 | 646,214 | 1,076,184 |
| Total | \$ 1,605,414 | \$ 2,176,184 | \$ 8,970,611 | \$ 9,541,636 | \$ 10,576,025 | \$ 11,717,820 |

Additional information on the City's long-term debt can be found in Note 12 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

The military has a significant presence in our community with Eglin Air Force Base, Hurlburt Field, and Duke Field. These three installations collectively comprise the largest military base in the world, employing over 72,000 military and civilian personnel. These installations are essential to the continued long-term economic vitality of this area. Combined, the military and defense-related industries have a \$22 billion annual impact on Northwest Florida's economy, according to the *Florida Defense Industry Economic Impact Analysis*.

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

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

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

- The Consumer Price Index (CPI) is 8.7% higher than a year ago for the Southern Region. This indicator is a widely used gauge of inflation and translates into a higher cost of providing services to residents.
- The local unemployment rate was 2.2%, which represents a 1.0% decrease from September 2021. The State of Florida's unemployment rate was 2.5%, which represents a 2.3% decrease from September 2021, which it was 4.8%. The unemployment rate will impact the City's fee and usage-based revenues and shared portions of the State of Florida's usage-based taxes.
- The published state revenue sharing distribution estimate is up by 16.7% from the prior fiscal year. The half-cent sales tax distribution estimate is down by 14.2% from the prior year, and the communication service tax distribution estimate is up by 11.1% from the prior year.

REQUESTS FOR INFORMATION

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

**CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|--------------------|---|
| | Governmental Activities | Business-type Activities | Total | Niceville-Valparaiso Regional Sewer Board, Inc. |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 13,766,013 | \$ 17,134,585 | \$ 30,900,598 | \$ 3,575,762 |
| Investments | - | 1,267,012 | 1,267,012 | - |
| Receivables, net | 351,296 | 1,237,326 | 1,588,622 | 317,908 |
| Internal balances | 12,841 | (12,841) | - | - |
| Due from other governments | 634,823 | - | 634,823 | - |
| Prepaid items | 2,005 | 25,000 | 27,005 | - |
| Inventory, at cost | 16,680 | 645,938 | 662,618 | 3,058 |
| Restricted assets | | | | |
| Cash and cash equivalents | 362,281 | 8,686,373 | 9,048,654 | 16,809 |
| Capital assets | | | | |
| Non-depreciable | 8,239,142 | 4,821,397 | 13,060,539 | - |
| Depreciable, net | 12,063,264 | 27,824,685 | 39,887,949 | 6,382,730 |
| Other assets | | | | |
| Investment in component unit | - | 8,167,063 | 8,167,063 | - |
| TOTAL ASSETS | 35,448,345 | 69,796,538 | 105,244,883 | 10,296,267 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 2,895,972 | 709,123 | 3,605,095 | - |
| Deferred outflows related to OPEB | 1,265,898 | 502,600 | 1,768,498 | - |
| Deferred charges on refunding | - | 180,585 | 180,585 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 4,161,870 | 1,392,308 | 5,554,178 | - |

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
STATEMENT OF NET POSITION – CONTINUED
SEPTEMBER 30, 2022

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|----------------------|---|
| | Governmental Activities | Business-type Activities | Total | Niceville-Valparaiso Regional Sewer Board, Inc. |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,017,698 | \$ 1,116,782 | \$ 2,134,480 | \$ 31,075 |
| Accrued liabilities | 160,748 | 67,608 | 228,356 | 56,364 |
| Unearned revenues | 3,860,785 | 2,829,983 | 6,690,768 | - |
| Payable from restricted assets | | | | |
| Customer deposits | - | 872,648 | 872,648 | - |
| Accrued interest payable | 16,248 | 68,771 | 85,019 | - |
| Non-current liabilities | | | | |
| Amounts due within one year | | | | |
| Compensated absences | 214,999 | 53,436 | 268,435 | - |
| Financing contracts payable | 292,993 | 145,000 | 437,993 | - |
| Commercial notes payable | 63,000 | - | 63,000 | - |
| Revenue bonds payable | 224,500 | 1,123,324 | 1,347,824 | - |
| State revolving loans payable | - | 16,040 | 16,040 | - |
| Amounts due beyond one year | | | | |
| Compensated absences | 586,285 | 142,156 | 728,441 | - |
| Total OPEB liability | 3,073,929 | 1,220,444 | 4,294,373 | - |
| Net pension liability | 9,967,025 | 2,440,575 | 12,407,600 | - |
| Financing contracts payable | 208,221 | - | 208,221 | - |
| Commercial notes payable | 126,000 | - | 126,000 | - |
| Revenues bonds payable, net | 690,700 | 7,473,826 | 8,164,526 | - |
| State revolving loans payable, net | - | 212,421 | 212,421 | - |
| TOTAL LIABILITIES | 20,503,131 | 17,783,014 | 38,286,145 | 87,439 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 428,081 | 104,822 | 532,903 | - |
| Deferred inflows related to OPEB | 1,271,695 | 504,900 | 1,776,595 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 1,699,776 | 609,722 | 2,309,498 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 18,707,674 | 23,856,056 | 42,563,730 | 6,382,730 |
| Restricted | | | | |
| Debt service | - | 877,384 | 877,384 | - |
| Capital expansion projects | 303,873 | 6,936,341 | 7,240,214 | - |
| Discretionary sales taxes | 3,647,174 | - | 3,647,174 | - |
| Improvement districts | 641,533 | - | 641,533 | - |
| Other | 58,408 | - | 58,408 | 16,809 |
| Unrestricted | (5,951,354) | 21,126,329 | 15,174,975 | 3,809,289 |
| TOTAL NET POSITION | \$ 17,407,308 | \$ 52,796,110 | \$ 70,203,418 | \$ 10,208,828 |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| Function/program activities | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|------------------------------------|-------------------------|-----------------------------|---|---|--|---------------------------------|---------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Component Unit Niceville-Valparaiso Regional Sewer Board, Inc. |
| Primary government | | | | | | | | |
| Governmental Activities | | | | | | | | |
| General government | \$ 3,522,888 | \$ 433,893 | \$ - | \$ - | \$ (3,088,995) | \$ - | \$ (3,088,995) | |
| Public safety | 5,783,696 | 465,488 | 190,192 | 35,000 | (5,093,016) | - | (5,093,016) | |
| Transportation | 1,240,065 | 95,566 | - | - | (1,144,499) | - | (1,144,499) | |
| Internal services | 962,854 | - | - | - | (962,854) | - | (962,854) | |
| Economic environment | 164,722 | - | - | - | (164,722) | - | (164,722) | |
| Human services | 95,556 | - | - | - | (95,556) | - | (95,556) | |
| Culture and recreation | 3,750,506 | 185,749 | 160,877 | 186,246 | (3,217,634) | - | (3,217,634) | |
| Debt service interest | 46,398 | - | - | - | (46,398) | - | (46,398) | |
| Total governmental activities | <u>15,566,685</u> | <u>1,180,696</u> | <u>351,069</u> | <u>221,246</u> | <u>(13,813,674)</u> | <u>-</u> | <u>(13,813,674)</u> | |
| Business-type activities | | | | | | | | |
| Water and sewer | 8,278,466 | 8,744,192 | 58,430 | 2,121,492 | - | 2,645,648 | 2,645,648 | |
| Sanitation | 3,874,282 | 3,693,119 | - | - | - | (181,163) | (181,163) | |
| Stormwater utility management | 574,365 | 508,489 | - | 74,346 | - | 8,470 | 8,470 | |
| Total business-type activities | <u>12,727,113</u> | <u>12,945,800</u> | <u>58,430</u> | <u>2,195,838</u> | <u>-</u> | <u>2,472,955</u> | <u>2,472,955</u> | |
| Total primary government | <u>\$ 28,293,798</u> | <u>\$ 14,126,496</u> | <u>\$ 409,499</u> | <u>\$ 2,417,084</u> | <u>(13,813,674)</u> | <u>2,472,955</u> | <u>(11,340,719)</u> | |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
STATEMENT OF ACTIVITIES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| <u>Function/program activities</u> | <u>Program Revenues</u> | | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | | <u>Component Unit</u> Niceville- Valparaiso Regional Sewer Board, Inc. |
|--|-------------------------|---------------------------------|---|---|--|-------------------------------------|---------------|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> | |
| Component Unit | | | | | | | | |
| Niceville-Valparaiso Regional Sewer Board, Inc. | \$ 2,072,328 | \$ 2,124,557 | \$ - | \$ - | | | | \$ 52,229 |
| General revenues | | | | | | | | |
| Taxes | | | | | | | | |
| Property taxes | | | | | \$ 4,743,387 | \$ - | \$ 4,743,387 | - |
| Utility service taxes | | | | | 2,487,137 | - | 2,487,137 | - |
| Other taxes | | | | | 6,079,223 | - | 6,079,223 | - |
| Intergovernmental, unrestricted | | | | | 1,074,110 | - | 1,074,110 | - |
| Miscellaneous | | | | | 90,672 | 377,641 | 468,313 | 9,221 |
| Interest and investment earnings | | | | | 40,010 | 37,659 | 77,669 | 11,587 |
| Transfers | | | | | 800,000 | (800,000) | - | - |
| Total general revenues and transfers | | | | | 15,314,539 | (384,700) | 14,929,839 | 20,808 |
| CHANGE IN NET POSITION | | | | | 1,500,865 | 2,088,255 | 3,589,120 | 73,037 |
| NET POSITION AT BEGINNING OF YEAR | | | | | 15,906,443 | 50,707,855 | 66,614,298 | 10,135,791 |
| NET POSITION AT END OF YEAR | | | | | \$ 17,407,308 | \$ 52,796,110 | \$ 70,203,418 | \$ 10,208,828 |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS – BALANCE SHEET
SEPTEMBER 30, 2022**

| | <u>General Fund</u> | <u>CRA Fund</u> | <u>Discretionary Sales Tax Fund</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-------------------|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 8,467,090 | \$ 688,917 | \$ 4,610,006 | \$ 13,766,013 |
| Receivables, net | 347,453 | 507 | 3,336 | 351,296 |
| Due from other governments | 424,550 | - | 210,273 | 634,823 |
| Due from other funds | 1,180,549 | - | - | 1,180,549 |
| Inventory, at cost | 16,680 | - | - | 16,680 |
| Prepaid items | 2,005 | - | - | 2,005 |
| Restricted assets | | | | |
| Cash and cash equivalents | 362,281 | - | - | 362,281 |
| TOTAL ASSETS | <u>\$ 10,800,608</u> | <u>\$ 689,424</u> | <u>\$ 4,823,615</u> | <u>\$ 16,313,647</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 946,649 | \$ 990 | \$ 70,059 | \$ 1,017,698 |
| Accrued wages payable | 160,686 | 62 | - | 160,748 |
| Due to other funds | 14,487 | 46,839 | 1,106,382 | 1,167,708 |
| Unearned revenues | 3,860,785 | - | - | 3,860,785 |
| TOTAL LIABILITIES | <u>4,982,607</u> | <u>47,891</u> | <u>1,176,441</u> | <u>6,206,939</u> |
| FUND BALANCE | | | | |
| Nonspendable | 18,685 | - | - | 18,685 |
| Restricted | 362,281 | 641,533 | 3,647,174 | 4,650,988 |
| Assigned | 443,251 | - | - | 443,251 |
| Unassigned | 4,993,784 | - | - | 4,993,784 |
| TOTAL FUND BALANCE | <u>5,818,001</u> | <u>641,533</u> | <u>3,647,174</u> | <u>10,106,708</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 10,800,608</u> | <u>\$ 689,424</u> | <u>\$ 4,823,615</u> | <u>\$ 16,313,647</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

| | | |
|--|--|---------------|
| Fund balance, total governmental funds | | \$ 10,106,708 |
|--|--|---------------|

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

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

| | | |
|-------------------------------------|---------------------|------------|
| Governmental non-depreciable assets | \$ 8,239,142 | |
| Governmental depreciable assets | 37,239,538 | |
| Less accumulated depreciation | <u>(25,176,274)</u> | |
| | | 20,302,406 |

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

| | | |
|--|--------------------|-----------|
| Deferred outflows of resources related to pensions | 2,895,972 | |
| Deferred inflows of resources related to pensions | (428,081) | |
| Deferred outflows of resources related to OPEB | 1,265,898 | |
| Deferred inflows of resources related to OPEB | <u>(1,271,695)</u> | |
| | | 2,462,094 |

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

| | | |
|------------------------------------|--------------------|---------------------|
| Revenue notes and bonds payable | (915,200) | |
| Commercial bank notes | (189,000) | |
| Financing contracts payable | (501,214) | |
| Accrued interest on long-term debt | (16,248) | |
| Compensated absences | (801,284) | |
| Total OPEB liability | (3,073,929) | |
| Net pension liability | <u>(9,967,025)</u> | |
| | | <u>(15,463,900)</u> |

| | | |
|---|--|----------------------|
| Net position of governmental activities | | <u>\$ 17,407,308</u> |
|---|--|----------------------|

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>General Fund</u> | <u>CRA Fund</u> | <u>Discretionary Sales Tax Fund</u> | <u>Total Governmental Funds</u> |
|---|----------------------------|--------------------------|---|---|
| REVENUES | | | | |
| Taxes | \$ 7,112,465 | \$ 209,676 | \$ - | \$ 7,322,141 |
| Licenses, fees, and permits | 1,920,480 | - | - | 1,920,480 |
| Intergovernmental | 3,837,943 | 216,060 | 1,897,238 | 5,951,241 |
| Charges for services | 703,785 | - | - | 703,785 |
| Fines | 40,692 | - | - | 40,692 |
| Miscellaneous | 139,717 | 2,045 | 12,474 | 154,236 |
| Total revenues | <u>13,755,082</u> | <u>427,781</u> | <u>1,909,712</u> | <u>16,092,575</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,959,422 | - | 30,278 | 2,989,700 |
| Public safety | 5,196,702 | - | - | 5,196,702 |
| Transportation | 951,976 | - | - | 951,976 |
| Internal service | 925,756 | - | - | 925,756 |
| Economic environment | 1,005 | 163,717 | - | 164,722 |
| Human services | 95,556 | - | - | 95,556 |
| Culture and recreation | 3,242,186 | - | - | 3,242,186 |
| Capital outlay | 881,729 | - | 1,076,103 | 1,957,832 |
| Debt service: | | | | |
| Principal | 570,770 | - | - | 570,770 |
| Interest | 53,086 | - | - | 53,086 |
| Total expenditures | <u>14,878,188</u> | <u>163,717</u> | <u>1,106,381</u> | <u>16,148,286</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,123,106)</u> | <u>264,064</u> | <u>803,331</u> | <u>(55,711)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>800,000</u> | <u>-</u> | <u>-</u> | <u>800,000</u> |
| NET CHANGE IN FUND BALANCE | <u>(323,106)</u> | <u>264,064</u> | <u>803,331</u> | <u>744,289</u> |
| FUND BALANCE, BEGINNING | <u>6,141,107</u> | <u>377,469</u> | <u>2,843,843</u> | <u>9,362,419</u> |
| FUND BALANCE, ENDING | <u><u>\$ 5,818,001</u></u> | <u><u>\$ 641,533</u></u> | <u><u>\$ 3,647,174</u></u> | <u><u>\$ 10,106,708</u></u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | | |
|---|--------------------|---------------------|
| Net change in fund balance – governmental funds | | \$ 744,289 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | | |
| Expenditures for capital assets | \$ 1,957,832 | |
| Less current year depreciation | <u>(1,446,355)</u> | 511,477 |
| Governmental funds do not report capital assets on the balance sheet; however, they are reported on the government-wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the statement of activities. | | |
| Disposals of capital assets | (721,080) | |
| Accumulated depreciation associated with disposals | 721,080 | |
| Estimated acquisition value of donated capital assets | <u>120,582</u> | 120,582 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Principal payments | | 570,770 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | | |
| Change in net pension liability and related deferred outflows and inflows | (306,276) | |
| Change in total OPEB liability and related deferred outflows and inflows | (89,774) | |
| Change in accrued interest on long-term debt | 6,688 | |
| Change in compensated absences | <u>(56,891)</u> | <u>(446,253)</u> |
| Change in net position of governmental activities | | <u>\$ 1,500,865</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|--|-----------------------------|-----------------------------|----------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| REVENUES | | | | |
| Taxes | \$ 7,104,320 | \$ 7,104,320 | \$ 7,112,465 | \$ 8,145 |
| Licenses, fees and permits | 1,570,000 | 1,570,000 | 1,920,480 | 350,480 |
| Intergovernmental | 3,581,050 | 3,581,050 | 3,837,943 | 256,893 |
| Charges for services | 645,430 | 645,430 | 703,785 | 58,355 |
| Fines | 49,770 | 49,770 | 40,692 | (9,078) |
| Miscellaneous | 153,540 | 153,540 | 139,717 | (13,823) |
| Total revenues | <u>13,104,110</u> | <u>13,104,110</u> | <u>13,755,082</u> | <u>650,972</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,443,570 | 3,443,570 | 2,959,422 | 484,148 |
| Public safety | 6,089,230 | 6,089,230 | 5,196,702 | 892,528 |
| Transportation | 1,074,950 | 1,074,950 | 951,976 | 122,974 |
| Internal service | 987,030 | 987,030 | 925,756 | 61,274 |
| Economic environment | 12,000 | 12,000 | 1,005 | 10,995 |
| Human services | 82,370 | 82,370 | 95,556 | (13,186) |
| Culture and recreation | 3,760,430 | 3,760,430 | 3,242,186 | 518,244 |
| Capital outlay | 1,361,720 | 1,361,720 | 881,729 | 479,991 |
| Debt service | | | | |
| Principal | 671,220 | 671,220 | 570,770 | 100,450 |
| Interest | 60,880 | 60,880 | 53,086 | 7,794 |
| Total expenditures | <u>17,543,400</u> | <u>17,543,400</u> | <u>14,878,188</u> | <u>2,665,212</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(4,439,290)</u> | <u>(4,439,290)</u> | <u>(1,123,106)</u> | <u>3,316,184</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 800,000 | 800,000 | 800,000 | - |
| NET CHANGE IN FUND BALANCE | (3,639,290) | (3,639,290) | (323,106) | 3,316,184 |
| FUND BALANCE AT BEGINNING OF YEAR | - | - | 6,141,107 | 6,141,107 |
| FUND BALANCE AT END OF YEAR | <u><u>\$(3,639,290)</u></u> | <u><u>\$(3,639,290)</u></u> | <u><u>\$ 5,818,001</u></u> | <u><u>\$ 9,457,291</u></u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
CRA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|----------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| REVENUES | | | | |
| Taxes | \$ 209,680 | \$ 209,680 | \$ 209,676 | \$ (4) |
| Intergovernmental | 216,060 | 216,060 | 216,060 | - |
| Miscellaneous | 670 | 670 | 2,045 | 1,375 |
| Total revenues | <u>426,410</u> | <u>426,410</u> | <u>427,781</u> | <u>1,371</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Economic environment | 256,180 | 256,180 | 163,717 | 92,463 |
| Capital outlay | 559,230 | 559,230 | - | 559,230 |
| Total expenditures | <u>815,410</u> | <u>815,410</u> | <u>163,717</u> | <u>651,693</u> |
| NET CHANGE IN FUND BALANCE | (389,000) | (389,000) | 264,064 | 653,064 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>389,000</u> | <u>389,000</u> | <u>377,469</u> | <u>(11,531)</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 641,533</u> | <u>\$ 641,533</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
DISCRETIONARY SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| REVENUES | | | | |
| Intergovernmental | \$ 1,671,190 | \$ 1,671,190 | \$ 1,897,238 | \$ 226,048 |
| Miscellaneous | 2,990 | 2,990 | 12,474 | 9,484 |
| Total revenues | <u>1,674,180</u> | <u>1,674,180</u> | <u>1,909,712</u> | <u>235,532</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 45,850 | 45,850 | 30,278 | 15,572 |
| Capital outlay | <u>3,105,670</u> | <u>3,105,670</u> | <u>1,076,103</u> | <u>2,029,567</u> |
| Total expenditures | <u>3,151,520</u> | <u>3,151,520</u> | <u>1,106,381</u> | <u>2,045,139</u> |
| NET CHANGE IN FUND BALANCE | (1,477,340) | (1,477,340) | 803,331 | 2,280,671 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>1,477,340</u> | <u>1,477,340</u> | <u>2,843,843</u> | <u>1,366,503</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,647,174</u> | <u>\$ 3,647,174</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2022**

| | Water and Sewer Fund | Sanitation Fund | Stormwater Fund | Total |
|---|---------------------------------|----------------------------|----------------------------|-------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 14,132,523 | \$ 966,169 | \$ 2,035,893 | \$ 17,134,585 |
| Investments | 1,267,012 | - | - | 1,267,012 |
| Receivables, net | 819,428 | 302,750 | 115,148 | 1,237,326 |
| Due from other funds | 4,227 | 10,260 | - | 14,487 |
| Prepaid items | 25,000 | - | - | 25,000 |
| Inventory, at cost | 635,513 | 10,425 | - | 645,938 |
| Total current assets | <u>16,883,703</u> | <u>1,289,604</u> | <u>2,151,041</u> | <u>20,324,348</u> |
| Non-current assets | | | | |
| Restricted assets | | | | |
| Cash and cash equivalents | 8,666,070 | - | 20,303 | 8,686,373 |
| Capital assets | | | | |
| Non-depreciable | 2,244,851 | - | 2,576,546 | 4,821,397 |
| Depreciable, net | 24,291,991 | 431,045 | 3,101,649 | 27,824,685 |
| Total capital assets | <u>26,536,842</u> | <u>431,045</u> | <u>5,678,195</u> | <u>32,646,082</u> |
| Other assets | | | | |
| Investment in component unit | 8,167,063 | - | - | 8,167,063 |
| Total non-current assets | <u>43,369,975</u> | <u>431,045</u> | <u>5,698,498</u> | <u>49,499,518</u> |
| TOTAL ASSETS | <u>60,253,678</u> | <u>1,720,649</u> | <u>7,849,539</u> | <u>69,823,866</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 515,168 | 193,955 | - | 709,123 |
| Deferred outflows related to OPEB | 360,219 | 142,381 | - | 502,600 |
| Deferred charges on refunding | 180,585 | - | - | 180,585 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>1,055,972</u> | <u>336,336</u> | <u>-</u> | <u>1,392,308</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION – CONTINUED
 SEPTEMBER 30, 2022**

| | <u>Water and Sewer Fund</u> | <u>Sanitation Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> |
|--|---------------------------------|----------------------------|----------------------------|----------------------|
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 903,274 | \$ 201,775 | \$ 11,733 | \$ 1,116,782 |
| Accrued liabilities | | | | |
| Compensated absences | 41,438 | 11,998 | - | 53,436 |
| Wages | 41,514 | 16,786 | - | 58,300 |
| Other | 9,308 | - | - | 9,308 |
| Due to other funds | - | - | 27,328 | 27,328 |
| Unearned revenues | 1,557,666 | - | 1,272,317 | 2,829,983 |
| Financing contracts payable | 145,000 | - | - | 145,000 |
| Revenue bonds payable | 1,123,324 | - | - | 1,123,324 |
| State revolving fund loan payable | - | - | 16,040 | 16,040 |
| Payable from restricted assets | | | | |
| Accrued interest | 68,771 | - | - | 68,771 |
| Customer deposits | 872,648 | - | - | 872,648 |
| Total current liabilities | <u>4,762,943</u> | <u>230,559</u> | <u>1,327,418</u> | <u>6,320,920</u> |
| Non-current liabilities | | | | |
| Compensated absences | 120,559 | 21,597 | - | 142,156 |
| Net pension liability | 1,773,046 | 667,529 | - | 2,440,575 |
| Total OPEB liability | 874,707 | 345,737 | - | 1,220,444 |
| Revenue bonds payable, net | 7,473,826 | - | - | 7,473,826 |
| State revolving fund loans payable, net | - | - | 212,421 | 212,421 |
| Total non-current liabilities | <u>10,242,138</u> | <u>1,034,863</u> | <u>212,421</u> | <u>11,489,422</u> |
| TOTAL LIABILITIES | <u>15,005,081</u> | <u>1,265,422</u> | <u>1,539,839</u> | <u>17,810,342</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 76,151 | 28,671 | - | 104,822 |
| Deferred inflows related to OPEB | 361,868 | 143,032 | - | 504,900 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>438,019</u> | <u>171,703</u> | <u>-</u> | <u>609,722</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 17,975,277 | 431,045 | 5,449,734 | 23,856,056 |
| Restricted | | | | |
| Debt service | 873,573 | - | 3,811 | 877,384 |
| Capital expansion projects | 6,919,849 | - | 16,492 | 6,936,341 |
| Unrestricted | <u>20,097,851</u> | <u>188,815</u> | <u>839,663</u> | <u>21,126,329</u> |
| TOTAL NET POSITION | <u>\$ 45,866,550</u> | <u>\$ 619,860</u> | <u>\$ 6,309,700</u> | <u>\$ 52,796,110</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Water and Sewer Fund | Sanitation Fund | Stormwater Fund | Total |
|---|---------------------------------|----------------------------|----------------------------|----------------------|
| REVENUES | | | | |
| Charges for services | \$ 8,744,192 | \$ 3,693,119 | \$ 508,489 | \$ 12,945,800 |
| OPERATING EXPENSES | | | | |
| Personal services | 2,342,309 | 1,044,566 | - | 3,386,875 |
| Operating | 3,846,452 | 2,638,690 | 303,425 | 6,788,567 |
| Depreciation | 1,933,185 | 191,026 | 263,638 | 2,387,849 |
| Total operating expenses | 8,121,946 | 3,874,282 | 567,063 | 12,563,291 |
| OPERATING INCOME (LOSS) | 622,246 | (181,163) | (58,574) | 382,509 |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest expense | (156,520) | - | (7,302) | (163,822) |
| Equity earnings in component unit | 58,430 | - | - | 58,430 |
| Interest income | 30,681 | 3,480 | 3,498 | 37,659 |
| Miscellaneous | 285,367 | 92,274 | - | 377,641 |
| Total non-operating revenue (expenses) | 217,958 | 95,754 | (3,804) | 309,908 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 840,204 | (85,409) | (62,378) | 692,417 |
| Capital contributions - impact fees | 955,350 | - | 47,719 | 1,003,069 |
| Capital grants | 1,166,142 | - | 26,627 | 1,192,769 |
| Transfers out | (300,000) | (200,000) | (300,000) | (800,000) |
| Total capital contributions and transfers | 1,821,492 | (200,000) | (225,654) | 1,395,838 |
| CHANGE IN NET POSITION | 2,661,696 | (285,409) | (288,032) | 2,088,255 |
| NET POSITION AT BEGINNING OF YEAR | 43,204,854 | 905,269 | 6,597,732 | 50,707,855 |
| NET POSITION AT END OF YEAR | \$ 45,866,550 | \$ 619,860 | \$ 6,309,700 | \$ 52,796,110 |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Water and Sewer Fund</u> | <u>Sanitation Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> |
|---|---------------------------------|----------------------------|----------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 10,313,605 | \$ 3,688,727 | \$ 1,782,309 | \$ 15,784,641 |
| Payments to suppliers | (4,183,943) | (2,652,413) | (308,783) | (7,145,139) |
| Payments to employees | (2,288,824) | (1,040,726) | - | (3,329,550) |
| Miscellaneous income | 283,254 | 87,144 | - | 370,398 |
| Net cash provided by operating activities | <u>4,124,092</u> | <u>82,732</u> | <u>1,473,526</u> | <u>5,680,350</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Interfund activity | <u>(304,227)</u> | <u>(210,260)</u> | <u>(272,672)</u> | <u>(787,159)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisitions of capital assets | (1,903,983) | (250,327) | (391,696) | (2,546,006) |
| Proceeds from sale of capital assets | 2,113 | 5,130 | - | 7,243 |
| Proceeds from capital grants | 1,166,142 | - | 19,891 | 1,186,033 |
| Proceeds from impact fees | 955,350 | - | 47,719 | 1,003,069 |
| Principal paid on state revolving loans | - | - | (15,563) | (15,563) |
| Principal paid on long-term debt | (411,462) | - | - | (411,462) |
| Principal paid on financing contracts | (144,000) | - | - | (144,000) |
| Interest paid on long-term debt | (144,607) | - | (7,302) | (151,909) |
| Net cash used in capital and related financing activities | <u>(480,447)</u> | <u>(245,197)</u> | <u>(346,951)</u> | <u>(1,072,595)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and investment income | 30,681 | 3,480 | 3,498 | 37,659 |
| Purchases of investments | (1,267,012) | - | - | (1,267,012) |
| Net cash provided by (used in) investing activities | <u>(1,236,331)</u> | <u>3,480</u> | <u>3,498</u> | <u>(1,229,353)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,103,087 | (369,245) | 857,401 | 2,591,243 |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>20,695,506</u> | <u>1,335,414</u> | <u>1,198,795</u> | <u>23,229,715</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 22,798,593</u> | <u>\$ 966,169</u> | <u>\$ 2,056,196</u> | <u>\$ 25,820,958</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS – CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Water and Sewer Fund</u> | <u>Sanitation Fund</u> | <u>Stormwater Fund</u> | <u>Total</u> |
|--|---------------------------------|----------------------------|----------------------------|----------------------|
| CASH AND CASH EQUIVALENTS AT END OF YEAR CONSIST OF | | | | |
| Current assets | \$ 14,132,523 | \$ 966,169 | \$ 2,035,893 | \$ 17,134,585 |
| Restricted assets | 8,666,070 | - | 20,303 | 8,686,373 |
| Total cash and cash equivalents | <u>\$ 22,798,593</u> | <u>\$ 966,169</u> | <u>\$ 2,056,196</u> | <u>\$ 25,820,958</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 622,246 | \$ (181,163) | \$ (58,574) | \$ 382,509 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,933,185 | 191,026 | 263,638 | 2,387,849 |
| Miscellaneous revenue | 283,254 | 87,144 | - | 370,398 |
| Decrease (increase) in assets: | | | | |
| Accounts receivable | (11,579) | (4,392) | 1,503 | (14,468) |
| Inventory | (310,018) | (3,685) | - | (313,703) |
| Prepaid expenses | 2,000 | - | - | 2,000 |
| Increase in deferred outflows | (92,546) | (34,242) | - | (126,788) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | (38,781) | (10,038) | (5,358) | (54,177) |
| Accrued wages | (19,124) | (13,352) | - | (32,476) |
| Other accrued liabilities | 9,308 | - | - | 9,308 |
| Customer deposits | 23,326 | - | - | 23,326 |
| Unearned revenues | 1,557,666 | - | 1,272,317 | 2,829,983 |
| Compensated absences | (7,417) | (13,417) | - | (20,834) |
| Net OPEB liability | (319,513) | (126,290) | - | (445,803) |
| Net pension liability | 1,102,828 | 415,201 | - | 1,518,029 |
| Decrease in deferred inflows | (610,743) | (224,060) | - | (834,803) |
| Net cash provided by operating activities | <u>\$ 4,124,092</u> | <u>\$ 82,732</u> | <u>\$ 1,473,526</u> | <u>\$ 5,680,350</u> |
| SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS | | | | |
| Equity earnings in joint venture | <u>\$ 58,430</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 58,430</u> |
| Debt-related amortization | <u>\$ 16,417</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,417</u> |
| Capital grants receivable | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 74,144</u> | <u>\$ 74,144</u> |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022**

| | Scholarship Trust Fund |
|---------------------------------------|-----------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 405,154 |
| LIABILITIES | |
| Due to scholarship recipients | - |
| NET POSITION | |
| Restricted for scholarship recipients | \$ 405,154 |

See notes to the financial statements.

**CITY OF NICEVILLE, FLORIDA
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Scholarship Trust Fund |
|--|-----------------------------------|
| ADDITIONS | |
| Investment earnings | \$ 1,163 |
| DEDUCTIONS | |
| Scholarship benefits paid to individuals | - |
| CHANGE IN FIDUCIARY NET POSITION | 1,163 |
| NET POSITION AT BEGINNING OF YEAR | 403,991 |
| NET POSITION AT END OF YEAR | \$ 405,154 |

See notes to the financial statements.

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government). In evaluating the City as a reporting entity, management has considered all potential component units for which the City may or may not be financially accountable and, as such, be included within the City's financial statements.

Niceville-Valparaiso Regional Sewer Board, Inc. (NVRSB) is a not-for-profit corporation organized to manage the operation and maintenance of a regional sewer system serving its original joint owners, the City of Niceville, Florida and the City of Valparaiso, Florida. The City of Niceville and Valparaiso are 80% and 20% owners, respectively. NVRSB's Board consists of four members; two appointed by each of the two participants. The Sewer Board is responsible for preparing and approving its own budget. The cost of operations, including additional equipment and inventory purchases, is accounted for, in total, on the books and financial statements of the NVRSB. The City of Niceville's 80% share of operating results of the NVRSB is reported in the City's Water and Sewer Enterprise Fund. The City's portion of the equity in the joint venture is \$8,167,063 as of September 30, 2022.

A financial benefit/burden relationship exists between the City of Niceville and the NVRSB. In addition, it is determined that the NVRSB has a fiscal dependency on the City. Therefore, the NVRSB is a component unit of the City, and accordingly the, NVRSB's June 30, 2022 year-end financial information has been presented within the government-wide financial statements as a discretely presented component unit.

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Reporting Entity – Continued

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus and Basis of Accounting

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

Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes, for which the period is 60 days.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The following is the current property tax calendar:

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

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

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2022 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable on the balance sheet date.

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes, as operating revenues, the portion of tap fees intended to recover the cost of connecting customers to the system.

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

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

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

Governmental

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Governmental – Continued

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

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

Proprietary

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

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

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

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

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, individuals, and private organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has the following type of fiduciary fund:

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

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Cash and Cash Equivalents

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

Deposits and Investments

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

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

Receivables and Payables

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

Services provided are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation. All proprietary fund receivables are shown net of an allowance for uncollectible accounts. The allowance is computed using 65% of receivables in excess of 90 days.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Inventory

Inventory is valued at cost (first-in, first-out). The consumption method is used to account for inventory. Under the consumption method, inventory items are recorded as expenditures during the period inventory is used.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, curbs and sidewalks, drainage systems, lighting systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost more than the following:

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

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

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Capital Assets – Continued

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

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences of the governmental activities are typically liquidated from the General Fund.

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

- Upon completing 12 months of employment, an employee accrues 48 hours of sick leave. Thereafter, the employee accrues eight hours of sick leave per month.
- Upon completing 12 months of employment, an employee accrues 96 hours of annual leave, with the exception of a police officer who accrues 144 hours of annual leave. Thereafter, the employee, with the exception of a police officer, accrues eight hours of annual leave per month for the first seven years of employment. A police officer accrues 12 hours of annual leave per month regardless of the length of service
- After the first seven years of employment, an employee accrues 12 hours of annual leave per month. Accrual of sick leave remains the same.
- Upon termination of employment, an employee will be paid for accumulated annual leave as indicated by the schedule on the following page, but all accumulated sick leave will be forfeited.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Compensated Absences – Continued

| <u>Years of Employment</u> | <u>Max. Number of Accumulated Hrs. to be paid</u> |
|----------------------------|---|
| 0-6 Years | 240 |
| 7-15 Years | 360 |
| 15 or More Years | 480 |

Long-Term Obligations

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

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

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

Net Pension Liability

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items that qualify for reporting in this category; deferred charges on refunding and activity related to the defined benefit pension and OPEB plans. See Notes 9 and 10 for additional information related to the defined benefit pension and OPEB plans.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Deferred Outflows/Inflows of Resources – Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Notes 9 and 10 for additional information related to the defined benefit pension and OPEB plans.

Classification of Fund Balance

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

- Nonspendable – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid items.
- Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed – includes amounts that can only be used for the specific purposes determined by a formal action, Ordinance, of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally, which is an Ordinance, by the same level of decision-making authority (the City Council).
- Assigned – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. This indicates that resources in these funds are, at a minimum, intended to be used for the purposes of that fund. The City Council has delegated authority for assigning fund balances to the City Manager.
- Unassigned – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Classification of Fund Balance – Continued

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance. In all other funds, unassigned is limited to negative residual fund balance.

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

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

Net Position

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

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- *Restricted* – This component of net position consists of restricted assets, other than capital assets, reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported
- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

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

Reclassifications

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

Subsequent Events

The City has evaluated events and transactions that occurred between September 30, 2022, and March 24, 2023, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

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

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

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

Budget amounts reflected in the financial statements are originally adopted amounts as amended by the City Council by revision of fund totals. No budget amendments were made to originally adopted amounts for fiscal year 2022.

CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – CONTINUED

Budgets – Continued

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

Encumbrances

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

3. DEPOSITS AND INVESTMENTS

Deposits

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

The City manages its custodial credit risk by maintaining its deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow Qualified Public Depositories to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a qualified public institution, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all Qualified Public Depositories. Deposits held in Qualified Public Depositories are considered fully insured or collateralized, and therefore, have no custodial credit risk.

As of September 30, 2022, the value of the City's deposits was \$40,703,510, all of which was held by Qualified Public Depositories.

Investments

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Interest Rate Risk

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

As of September 30, 2022, the City's investments consist entirely of U.S. Treasury Notes with the highest credit quality ratings ("Aaa" by Moody's) and maturities ranging from March 2024 to August 2024.

4. FAIR VALUE OF INVESTMENTS

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

- Level 1 – Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. The City had no Level 2 investments as of September 30, 2022.
- Level 3 – Unobservable inputs for an asset. The City had no Level 3 investments as of September 30, 2022.

As of September 30, 2022, the fair value of the City's investments was \$1,267,012, all of which were classified as Level 1 in accordance with fair value hierarchy.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

5. RECEIVABLES

Receivables at September 30, 2022, were as follows:

| | Governmental | | | Business-Type | | |
|---|-------------------|---------------|--------------------|-------------------|-------------------|-------------------|
| | General | CRA | Disc. Sales Tax | Water & Sewer | Sanitation | Stormwater |
| Accounts | \$ 157,849 | \$ - | \$ - | \$ 849,028 | \$ 326,262 | \$ 44,391 |
| Other | 190,231 | 507 | 3,336 | 11,200 | - | 74,144 |
| Less allowance for doubtful accounts | (627) | - | - | (40,800) | (23,512) | (3,387) |
| Receivables, net | 347,453 | 507 | 3,336 | 819,428 | 302,750 | 115,148 |
| Due from other governments | 424,550 | - | 210,273 | - | - | - |
| Total | <u>\$ 772,003</u> | <u>\$ 507</u> | <u>\$ 213,609</u> | <u>\$ 819,428</u> | <u>\$ 302,750</u> | <u>\$ 115,148</u> |

Due from Other Governments

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

6. CAPITAL ASSETS

The cost of assets acquired through financing contracts, net of accumulated depreciation, were as follows at September 30, 2022:

| <u>Assets</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| Water meter upgrade project | \$ - | \$ 1,326,043 |
| Server upgrade project | 635,998 | - |
| Fire truck | 836,265 | - |
| Library generator | 179,318 | - |
| Accumulated depreciation | (994,918) | (322,671) |
| Assets acquired by financing contracts, net | <u>\$ 656,663</u> | <u>\$ 1,003,372</u> |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

6. CAPITAL ASSETS – CONTINUED

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments / Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------------|--------------------|------------------------------------|-----------------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 6,991,099 | \$ - | \$ - | \$ - | \$ 6,991,099 |
| Construction in progress | 1,431,088 | 634,037 | - | (817,082) | 1,248,043 |
| Total capital assets not being depreciated | <u>8,422,187</u> | <u>634,037</u> | <u>-</u> | <u>(817,082)</u> | <u>8,239,142</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 6,574,556 | 41,799 | - | - | 6,616,355 |
| Improvements other than buildings | 11,732,488 | 658,057 | - | 817,082 | 13,207,627 |
| Infrastructure | 7,450,171 | - | - | - | 7,450,171 |
| Machinery and equipment | 9,884,077 | 744,521 | (721,080) | - | 9,907,518 |
| Library books | 57,867 | - | - | - | 57,867 |
| Total capital assets being depreciated | <u>35,699,159</u> | <u>1,444,377</u> | <u>(721,080)</u> | <u>817,082</u> | <u>37,239,538</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (3,423,532) | (176,683) | - | - | (3,600,215) |
| Improvements other than buildings | (5,326,667) | (417,806) | - | - | (5,744,473) |
| Infrastructure | (6,396,461) | (189,898) | - | - | (6,586,359) |
| Machinery and equipment | (9,246,472) | (661,968) | 721,080 | - | (9,187,360) |
| Library books | (57,867) | - | - | - | (57,867) |
| Total accumulated depreciation | <u>(24,450,999)</u> | <u>(1,446,355)</u> | <u>721,080</u> | <u>-</u> | <u>(25,176,274)</u> |
| Total capital assets being depreciated, net | <u>11,248,160</u> | <u>(1,978)</u> | <u>-</u> | <u>817,082</u> | <u>12,063,264</u> |
| Governmental activities, net | <u><u>\$ 19,670,347</u></u> | <u><u>\$ 632,059</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 20,302,406</u></u> |

Construction in Progress – Governmental Activities

As of September 30, 2022, construction in progress for governmental activities was primarily comprised of a sidewalk extension project, a road paving project, and various landscaping and building projects in progress at the Senior Center that were completed and placed in service in the subsequent fiscal year.

Donated Capital Assets

In 2022, the Senior Center Foundation purchased a pool table and paid for the costs of constructing a putting green and clock tower at the Senior Center complex. The estimated acquisition value of these assets was \$120,582, and the City is responsible for future maintenance of the assets.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

6. CAPITAL ASSETS – CONTINUED

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments / Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------------|--------------------|------------------------------------|-----------------------------|
| Business-type activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 1,484,161 | \$ 3,500 | \$ - | \$ - | \$ 1,487,661 |
| Construction in progress | <u>2,170,768</u> | <u>1,162,968</u> | <u>-</u> | <u>-</u> | <u>3,333,736</u> |
| Total capital assets not being depreciated | <u>3,654,929</u> | <u>1,166,468</u> | <u>-</u> | <u>-</u> | <u>4,821,397</u> |
| Capital assets being depreciated | | | | | |
| Buildings | 3,725,295 | 13,006 | - | - | 3,738,301 |
| Improvements other than buildings | 48,915,563 | 385,239 | - | - | 49,300,802 |
| Machinery and equipment | <u>6,018,764</u> | <u>981,293</u> | <u>(353,460)</u> | <u>-</u> | <u>6,646,597</u> |
| Total capital assets being depreciated | <u>58,659,622</u> | <u>1,379,538</u> | <u>(353,460)</u> | <u>-</u> | <u>59,685,700</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (2,547,982) | (93,367) | - | - | (2,641,349) |
| Improvements other than buildings | (22,754,928) | (1,720,257) | - | - | (24,475,185) |
| Machinery and equipment | <u>(4,523,716)</u> | <u>(574,225)</u> | <u>353,460</u> | <u>-</u> | <u>(4,744,481)</u> |
| Total accumulated depreciation | <u>(29,826,626)</u> | <u>(2,387,849)</u> | <u>353,460</u> | <u>-</u> | <u>(31,861,015)</u> |
| Total capital assets being depreciated, net | <u>28,832,996</u> | <u>(1,008,311)</u> | <u>-</u> | <u>-</u> | <u>27,824,685</u> |
| Business-type activities, net | <u><u>\$ 32,487,925</u></u> | <u><u>\$ 158,157</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 32,646,082</u></u> |

Construction in Progress – Business-Type Activities

As of September 30, 2022, construction in progress for business-type activities was primarily comprised of a major stormwater improvement project funded by the National Fish and Wildlife Foundation. The project is expected to be completed in September 2023.

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

| | |
|---|----------------------------|
| Governmental activities | |
| General government | \$ 440,373 |
| Public safety | 303,629 |
| Transportation | 266,336 |
| Culture and recreation | <u>436,017</u> |
| Total depreciation expense – governmental activities | <u><u>\$ 1,446,355</u></u> |
| Business-type activities | |
| Water and sewer | \$ 1,933,185 |
| Sanitation | 191,026 |
| Stormwater | <u>263,638</u> |
| Total depreciation expense – business-type activities | <u><u>\$ 2,387,849</u></u> |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

7. UNEARNED REVENUES

The composition of unearned revenues as of September 30, 2022, was as follows:

| | <u>Governmental</u> | <u>Business-Type</u> | | <u>Total</u> |
|---|---------------------|--------------------------|---------------------|---------------------|
| | <u>General</u> | <u>Water & Sewer</u> | <u>Stormwater</u> | |
| Federal grant funding received in advance | \$ 3,810,150 | \$ 1,557,666 | \$ 1,272,317 | \$ 6,640,133 |
| Business license taxes collected in advance | 43,455 | - | - | 43,455 |
| Other | 7,180 | - | - | 7,180 |
| Total | <u>\$ 3,860,785</u> | <u>\$ 1,557,666</u> | <u>\$ 1,272,317</u> | <u>\$ 6,690,768</u> |

The American Rescue Plan Act (ARPA) does not require unspent funds to be held in a separate bank account, and since the revenue is not earned, it is not a component of net position at either the fund or government-wide level. The terms of the grant require the funds to be expended by specific dates, and unspent grant funds are not typically considered restricted assets of the governmental unit. Therefore, the City has not reported the unspent proceeds as restricted assets as of September 30, 2022.

8. DEFERRED COMPENSATION PLAN

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

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

8. DEFERRED COMPENSATION PLAN – CONTINUED

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

In accordance with GASB guidance, the assets and liabilities of the plan are not reflected in the City's financial statements since the City has no fiduciary responsibilities, other than administrative, in connection with the plan. As of September 30, 2022, assets of the plan had a fair value of \$5,098,242. The City made matching contributions of \$40,866 during fiscal year 2022.

9. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM

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

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

Pension Plan

Plan Description

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Pension Plan – Continued

Benefits Provided

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

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

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

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

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Pension Plan – Continued

Benefits Provided – Continued

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

Contributions

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--------------------------|-------------|-------------|-------------|
| Regular Class: | 11.91% | 10.82% | 10.00% |
| Special Risk Class: | 27.83% | 25.89% | 24.45% |
| Senior Management Class: | 31.57% | 29.01% | 27.29% |
| DROP: | 18.60% | 18.34% | 16.98% |

These employer contribution rates include 1.66% for HIS Plan subsidies for the periods October 1, 2019 through September 30, 2022. The City's contributions, including employee contributions, to the Pension Plan totaled \$1,198,808, \$1,011,336, and \$874,614 for the fiscal years ended September 30, 2022, 2021, and 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

As of September 30, 2022, the City reported a liability of \$9,900,340 for its proportionate share of the Pension Plan's net pension liability. The City's proportionate share of the net pension liability was based on the City's share of contributions to the FRS relative to the contributions of all participating governments. At June 30, 2022, the City's proportionate share was 0.026608069%.

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Pension Plan – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$1,509,309. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 470,209 | \$ - |
| Change of assumptions | 1,219,268 | - |
| Net difference between projected and actual earnings on pension plan investments | 653,718 | - |
| Changes in proportion and differences between City pension plan contributions and proportionate share of contributions | 412,222 | 133,999 |
| City pension plan contributions subsequent to the measurement date | 333,490 | - |
| | \$ 3,088,907 | \$ 133,999 |

A component of deferred outflows of resources related to the pension plan of \$333,490 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other components reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

| Fiscal year ending <u>September 30:</u> | Amount |
|--|---------------|
| 2023 | \$ 663,498 |
| 2024 | 286,808 |
| 2025 | (153,417) |
| 2026 | 1,706,717 |
| 2027 | 117,812 |
| | \$ 2,621,418 |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Pension Plan – Continued

Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of a 2019 actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash | 1.00% | 2.60% | 2.60% | 1.10% |
| Fixed income | 19.80% | 4.40% | 4.40% | 3.20% |
| Global equity | 54.00% | 8.80% | 7.30% | 17.80% |
| Private equity | 11.10% | 12.00% | 8.90% | 26.30% |
| Strategic investments | 3.80% | 6.20% | 5.90% | 7.80% |
| Real estate | <u>10.30%</u> | 7.40% | 6.30% | 15.70% |
| Total | <u>100.00%</u> | | | |
| Assumed inflation – mean | | | 2.40% | 1.30% |

(1) As outlined in the Pension Plan's investment policy

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Pension Plan – Continued

Discount Rate

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

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (5.70%) | Current Discount Rate (6.70%) | 1% Increase (7.70%) |
|---|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 17,121,957 | \$ 9,900,340 | \$ 3,862,209 |

Pension Plan Fiduciary Net Position

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

HIS Plan

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

HIS Plan – Continued

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution for the plan was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$149,030, \$135,055, and \$126,335 for the fiscal years ended September 30, 2022, 2021, and 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources

As of September 30, 2022, the City reported a liability of \$2,507,260 for its proportionate share of the HIS Plan's net pension liability. At June 30, 2022, the City's proportionate share was 0.023672162%.

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

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$209,797. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 76,101 | \$ 11,032 |
| Change of assumptions | 143,718 | 387,872 |
| Net difference between projected and actual earnings on pension plan investments | 3,630 | - |
| Changes in proportion and differences between City pension plan contributions and proportionate share of contributions | 252,984 | - |
| City pension plan contributions subsequent to the measurement date | 39,755 | - |
| | <u>\$ 516,188</u> | <u>\$ 398,904</u> |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

HIS Plan – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources – Continued

A component of deferred outflows of resources related to the HIS Plan, totaling \$39,755 resulting from City contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

| Fiscal year ending | Amount |
|-----------------------------|------------------|
| <u>September 30:</u> | |
| 2023 | \$ 29,891 |
| 2024 | 39,261 |
| 2025 | 40,850 |
| 2026 | 12,486 |
| 2027 | (28,621) |
| Thereafter | <u>(16,338)</u> |
| | <u>\$ 77,529</u> |

Actuarial Assumptions

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

| | |
|---------------------------|-------------------------------------|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 3.54% |

Mortality rates were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions used in the July 1, 2022, valuation were based on certain results of the most recent experience study for the FRS Pension Plan.

Discount Rate

The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

HIS Plan – Continued

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower one percentage point higher than the current rate:

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|---|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability | \$ 2,868,511 | \$ 2,507,260 | \$ 2,208,332 |

Pension Plan Fiduciary Net Position

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

Pension Expense

For the fiscal year ended September 30, 2022, the City recognized an aggregate pension expense of \$1,719,106 on all defined benefit pension plans.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

OPEB Plan

Plan Description

The City provides certain continuing health care and life insurance benefits for its retired employees. The plan is a single employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the City, employees, and retirees rests with the City Council. The plan does not issue a separate report. OPEB liabilities of the governmental activities are typically liquidated from the General Fund.

Plan Membership as of September 30, 2022

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Total OPEB Liability

Benefits Provided

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

Actuarial Assumptions

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

| | |
|------------------------|---|
| Prior measurement date | September 30, 2021 |
| Measurement date | September 30, 2022 |
| Valuation date | October 1, 2021 Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported. |
| Actuarial cost method | Individual Entry Age Normal |
| Amortization method | Level dollar, open |
| Amortization period | 30 years |
| Asset valuation method | Fair value |
| Inflation | 3.00% annually |
| Healthcare trend | 5.50% annually until 2032, then 4.50% |
| Salary increase | 3.00% annually |
| Prior discount rate | 2.15% |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Total OPEB Liability – Continued

Actuarial Assumptions – Continued

| | |
|----------------|--|
| Discount rate | 4.02% annually which is the Bond Buyer 20-Bond General Obligation Index. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. |
| Retirement age | Age 62 and 30 years of service, or for special risk employees age 55 and 25 years of service; or, for employees hired after July 1st, 2011, age 65 and 33 years of service, or for special risk employees age 60 and 30 years of service. Retirement is assumed to occur after 30 years of service, or initial eligibility if later. |
| Mortality | SOA RP-2014 Combined Mortality Table |
| Turnover | Age specific table with an average of 15% when applied to the active census. |

Changes in Total OPEB Liability

| | Increase (Decrease) | | |
|---|--------------------------------|---------------------------------------|--------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Total OPEB Liability (a) - (b) |
| Balances at September 30, 2021 | \$ 5,863,021 | \$ - | \$ 5,863,021 |
| Changes for the year: | | | |
| Service cost | 108,338 | - | 108,338 |
| Interest | 127,220 | - | 127,220 |
| Differences between expected and actual experience | (357,460) | - | (357,460) |
| Changes of assumptions | (1,387,320) | - | (1,387,320) |
| Benefit payments | (59,426) | - | (59,426) |
| Net changes | (1,568,648) | - | (1,568,648) |
| Balances at September 30, 2022 | \$ 4,294,373 | \$ - | \$ 4,294,373 |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Total OPEB Liability – Continued

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

| | 1% Decrease 3.02% | Current Discount Rate 4.02% | 1% Increase 5.02% |
|----------------------|------------------------------|--|------------------------------|
| Total OPEB liability | \$ 4,990,464 | \$ 4,294,373 | \$ 3,735,899 |

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

| | 1% Decrease 4.50% | Current Healthcare Trend 5.50% | 1% Increase 6.50% |
|----------------------|------------------------------|---|------------------------------|
| Total OPEB liability | \$ 3,730,397 | \$ 4,294,373 | \$ 4,994,880 |

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources

For the fiscal year ended September 30, 2022, the City recognized OPEB expense of \$184,842. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 683,272 | \$ 353,324 |
| Changes of assumptions | 1,085,226 | 1,423,271 |
| Total | <u>\$ 1,768,498</u> | <u>\$ 1,776,595</u> |

**CITY OF NICEVILLE, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022**

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

Total OPEB Liability – Continued

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources – Continued

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

Year ended September 30:

| | | |
|------------|----|----------|
| 2023 | \$ | (50,716) |
| 2024 | | (50,716) |
| 2025 | | (50,716) |
| 2026 | | (50,716) |
| 2027 | | (50,715) |
| Thereafter | | 245,482 |
| | | 245,482 |
| | \$ | (8,097) |

11. RISK MANAGEMENT

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

12. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2022, is summarized as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Within One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|----------------------------|
| Governmental activities | | | | | |
| <i>Direct borrowings</i> | | | | | |
| Financing contract - fire truck | \$ 254,000 | \$ - | \$ (126,000) | \$ 128,000 | \$ 128,000 |
| Financing contract - server upgrade | 381,184 | - | (121,970) | 259,214 | 126,993 |
| Financing contract - library generator | 152,000 | - | (38,000) | 114,000 | 38,000 |
| Commercial bank note - real property acquisition | 252,000 | - | (63,000) | 189,000 | 63,000 |
| <i>Direct placements</i> | | | | | |
| Non-Ad Valorem Revenue Bonds, Series 2021A | 260,000 | - | (52,000) | 208,000 | 52,000 |
| Non-Ad Valorem Revenue Bonds, Series 2021B | 435,000 | - | (87,000) | 348,000 | 87,000 |
| <i>Other debt</i> | | | | | |
| Tax Increment Financing Revenue Bonds, Series 2019 | 442,000 | - | (82,800) | 359,200 | 85,500 |
| Compensated absences | 744,393 | 160,811 | (103,920) | 801,284 | 214,999 |
| Total governmental activities | <u>\$ 2,920,577</u> | <u>\$ 160,811</u> | <u>\$ (674,690)</u> | <u>\$ 2,406,698</u> | <u>\$ 795,492</u> |
| Business-type activities | | | | | |
| <i>Direct borrowings</i> | | | | | |
| Florida DEP State Revolving Loan, 2015 | \$ 244,024 | \$ - | \$ (15,563) | \$ 228,461 | \$ 16,040 |
| Financing contract - water meters | 289,000 | - | (144,000) | 145,000 | 145,000 |
| <i>Direct placements</i> | | | | | |
| Water and Sewer Revenue Refunding Bonds, Series 2021 | 9,008,612 | - | (411,462) | 8,597,150 | 1,123,324 |
| Compensated absences | 216,426 | 8,060 | (28,894) | 195,592 | 53,436 |
| Total business-type activities | <u>\$ 9,758,062</u> | <u>\$ 8,060</u> | <u>\$ (599,919)</u> | <u>\$ 9,166,203</u> | <u>\$ 1,337,800</u> |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

12. LONG-TERM DEBT – CONTINUED

Description of Long-Term Debt Outstanding

Governmental Activities – Direct Borrowings

In 2016, the City entered into an \$852,000 financing contract for a fire truck bearing interest at 1.75% and maturing in October 2022. The contract calls for semi-annual payments ranging from \$1,120 to \$129,762. The contract is secured by the fire truck. In the event of default (non-payment), the lender may declare all unpaid principal to be immediately due and payable.

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

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

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

The direct borrowing issuances discussed above do not contain any subjective acceleration clauses.

Governmental Activities – Direct Placements

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

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

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

12. LONG-TERM DEBT – CONTINUED

Description of Long-Term Debt Outstanding – Continued

Governmental Activities – Other Debt

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

Business-Type Activities – Direct Borrowings

In 2014, the City obtained a note payable totaling \$440,188 from the State of Florida Department of Environmental Protection Revolving Loan Fund requiring semiannual payments of \$11,432, including interest at 2.62%, through maturity in August 2034. The note is secured by pledged gross revenues derived from stormwater utility fees. Proceeds were used to finance wastewater treatment facility construction. The lender may notify financial market credit rating agencies, file suit for past due amounts, and accelerate repayment of unpaid principal to as much as 1.667 times the financing rate (3.333 times for the Series 2002A revolving loan) in the event of default (non-payment). This issuance does not contain any subjective acceleration clauses.

In 2013, the City entered into a contract for \$1,340,000 with Regions Equipment Finance Corporation to finance the City's water and sewer meter reading equipment upgrade. The contract bears interest at 1.77% through maturity in April 2023. The contract is secured by meter reading equipment. In the event of default (non-payment), the lender may declare all installments payable until the end of the contract term to be immediately due and payable. The agreement does not contain any subjective acceleration clauses.

Business-Type Activities – Direct Placements

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

12. LONG-TERM DEBT – CONTINUED

Pledged Revenues

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

| Governmental Activities | | | | | | |
|---|-------------------------|--|---|---|---------------------------------|------------------------------|
| Debt Outstanding | Pledged Revenue | Current Year Total Pledged Revenue | Pledged Outstanding Principal & Interest | Estimated Revenue Percentage Pledged | Principal & Interest Paid | Maturity Calendar Year |
| Commercial bank note - real property acquisition | Non-ad valorem revenues | \$ 11,133,128 | \$ 196,371 | 2% | \$ 67,982 | 2025 |
| Non-Ad Valorem Revenue Bonds Series 2021A | Non-ad valorem revenues | \$ 11,133,128 | \$ 213,824 | 2% | \$ 55,276 | 2026 |
| Non-Ad Valorem Revenue Bonds Series 2021B | Non-ad valorem revenues | \$ 11,133,128 | \$ 370,651 | 3% | \$ 99,944 | 2026 |
| Tax Increment Financing Revenue Bonds, Series 2019 | Non-ad valorem revenues | \$ 11,133,128 | \$ 377,783 | 3% | \$ 92,951 | 2026 |
| Business-Type Activities | | | | | | |
| Water & Sewer Revenue Refunding Bonds, Series 2021 | Water & sewer revenues | \$ 2,555,431 | \$ 9,186,764 | 359% | \$ 550,954 | 2033 |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

12. LONG-TERM DEBT – CONTINUED

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave as of September 30, 2022, are as follows:

| Year ending September 30 | Governmental Activities | | | | | |
|--------------------------------|--------------------------------|------------------|----------------------------------|-----------------|--------------------------------|------------------|
| | Revenue Bonds | | Commercial Bank Notes Payable | | Financing Contracts Payable | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 224,500 | \$ 26,193 | \$ 63,000 | \$ 3,685 | \$ 292,993 | \$ 14,012 |
| 2024 | 227,300 | 20,466 | 63,000 | 2,457 | 170,221 | 6,928 |
| 2025 | 230,200 | 14,742 | 63,000 | 1,229 | 38,000 | 741 |
| 2026 | 233,200 | 8,877 | - | - | - | - |
| 2027 | - | 2,973 | - | - | - | - |
| Total | \$ 915,200 | \$ 73,251 | \$ 189,000 | \$ 7,371 | \$ 501,214 | \$ 21,681 |

| Year ending September 30 | Business-Type Activities | | | | | |
|--------------------------------|----------------------------------|-------------------|-----------------------|------------------|--------------------------------|-----------------|
| | Water and Sewer Revenue Bonds | | State Revolving Loans | | Financing Contracts Payable | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 1,123,324 | \$ 128,648 | \$ 16,040 | \$ 6,825 | \$ 145,000 | \$ 2,566 |
| 2024 | 1,092,127 | 110,630 | 16,531 | 6,334 | - | - |
| 2025 | 1,034,094 | 93,918 | 17,038 | 5,827 | - | - |
| 2026 | 1,043,381 | 77,587 | 17,560 | 5,305 | - | - |
| 2027 | 949,754 | 61,301 | 18,097 | 4,768 | - | - |
| 2028-2032 | 3,288,544 | 117,012 | 99,150 | 15,174 | - | - |
| 2033-2037 | 65,926 | 518 | 44,045 | 1,687 | - | - |
| Total | \$ 8,597,150 | \$ 589,614 | \$ 228,461 | \$ 45,920 | \$ 145,000 | \$ 2,566 |

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2022, were as follows:

| Due to/from Other Funds | | |
|--------------------------------|-------------------------|--------------|
| Receivable Fund | Payable Fund | Amount |
| General | Discretionary Sales Tax | \$ 1,106,382 |
| General | CRA | 46,839 |
| General | Stormwater | 27,328 |
| Water and Sewer | General | 4,227 |
| Sanitation | General | 10,260 |
| | | \$ 1,195,036 |

The balance due to the General Fund from the Discretionary Sales Tax Fund is to reimburse it for expenditures incurred on the Discretionary Sales Tax Fund's behalf during the year ended September 30, 2022. Other interfund receivables and payables are comprised of miscellaneous charges paid by one fund on behalf of another fund.

The composition of interfund transfers for the year ended September 30, 2022, were as follows:

| Interfund Transfers | | |
|----------------------------|------------------|------------|
| Transfer Out Fund | Transfer In Fund | Amount |
| Water and Sewer | General | \$ 300,000 |
| Sanitation | General | 200,000 |
| Stormwater | General | 300,000 |
| | | \$ 800,000 |

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

14. ENCUMBRANCES

The amount of encumbrances outstanding as of September 30, 2022, were \$247,901 in the General Fund and \$629,950 in the Discretionary Sales Tax Fund.

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

15. GOVERNMENTAL FUND BALANCES

As of September 30, 2022, the City's governmental fund balances were classified as follows:

| | General Fund | CRA Fund | Discretionary Sales Tax Fund | Total Governmental Funds |
|--------------------------------|-------------------------|-------------------|---|---|
| Nonspendable | | | | |
| Inventory | \$ 16,680 | \$ - | \$ - | \$ 16,680 |
| Prepaid items | 2,005 | - | - | 2,005 |
| Total nonspendable | <u>18,685</u> | <u>-</u> | <u>-</u> | <u>18,685</u> |
| Restricted for | | | | |
| Capital projects | 303,873 | - | - | 303,873 |
| Discretionary sales taxes | - | - | 3,647,174 | 3,647,174 |
| Law enforcement | 58,408 | - | - | 58,408 |
| Improvement districts | - | 641,533 | - | 641,533 |
| Total restricted | <u>362,281</u> | <u>641,533</u> | <u>3,647,174</u> | <u>4,650,988</u> |
| Assigned for | | | | |
| Salaries and insurance | 195,350 | - | - | 195,350 |
| Capital projects and equipment | 120,669 | - | - | 120,669 |
| Other purposes | 127,232 | - | - | 127,232 |
| Total assigned | <u>443,251</u> | <u>-</u> | <u>-</u> | <u>443,251</u> |
| Unassigned | <u>4,993,784</u> | <u>-</u> | <u>-</u> | <u>4,993,784</u> |
| | <u>\$ 5,818,001</u> | <u>\$ 641,533</u> | <u>\$ 3,647,174</u> | <u>\$ 10,106,708</u> |

16. COMMITMENTS AND CONTINGENCIES

Grants

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

**CITY OF NICEVILLE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

16. COMMITMENTS AND CONTINGENCIES – CONTINUED

Reclaimed Water

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

Joint Public Infrastructure Project

In January 2020, the City entered into an agreement with a local property developer regarding the construction of a master pump station with larger force mains to increase sewer service capacity to the northeastern part of the City, and specifically, the Deer Moss Creek community. The estimated cost of the Rocky Bayou Master Pump Station and Force Main Project is \$1,050,000. Under the terms of the contract, the City is responsible for the construction of the master pump station and force mains, including handling all phases of bidding, contracting, and construction. The developer is responsible for half of the project costs to be satisfied through a combination of payment for the engineering design work and permitting for the master pump station, and the conveyance of not less than two acres of real property to the City. The assigned value for these parcels will be based upon an appraisal to be paid for by the developer, and the land will be used for the construction of a public water tower and other public facilities. As of September 30, 2022, construction was substantially complete on the Rocky Bayou Master Pump Station, but work had not yet started on the replacement of force main. In addition, no parcels of land were conveyed to the City before year-end. The developer has until January 2024 to transfer the land parcels to the City.

Fire Protection Services Agreement

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

17. SUBSEQUENT EVENTS

Road Paving Contract

In November 2022, the City entered into an agreement with a specialty contractor to repave a segment of Palm Boulevard from Bayshore Drive to John Sims Parkway. The total contract price is \$906,645. The contractor commenced work on the project in March 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST NINE YEARS**

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

*The amounts presented for each fiscal year were determined as of 6/30. Information prior to 2014 is not available.

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

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY
LAST NINE YEARS**

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

*The amounts presented for each fiscal year were determined as of 6/30. Information prior to 2014 is not available.

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

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST NINE YEARS**

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

*The amounts presented for each fiscal year were determined as of 6/30. Information prior to 2014 is not available.

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

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY
LAST NINE YEARS**

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

*The amounts presented for each fiscal year were determined as of 6/30. Information prior to 2014 is not available.

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

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

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

Notes:

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

2022: 4.02%
2021: 2.15%
2020: 2.21%
2019: 2.66%
2018: 4.18%

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

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

III. STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 12,275,357 | \$ 14,074,830 | \$ 13,903,053 | \$ 14,363,252 | \$ 15,207,976 | \$ 15,728,306 | \$ 15,439,953 | \$ 15,924,538 | \$ 17,552,162 | \$ 18,707,674 |
| Restricted | 1,201,788 | 1,152,851 | 1,062,837 | 1,064,769 | 684,754 | 1,014,248 | 1,508,999 | 2,808,367 | 3,595,234 | 4,650,988 |
| Unrestricted | 4,150,172 | 4,190,750 | 1,219,064 | 678,378 | 631,361 | (3,518,005) | (4,808,216) | (4,699,469) | (5,240,953) | (5,951,354) |
| Total governmental activities net position | \$ 17,627,317 | \$ 19,418,431 | \$ 16,184,954 | \$ 16,106,399 | \$ 16,524,091 | \$ 13,224,549 | \$ 12,140,736 | \$ 14,033,436 | \$ 15,906,443 | \$ 17,407,308 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 13,870,612 | \$ 16,027,076 | \$ 17,295,135 | \$ 16,180,483 | \$ 17,605,104 | \$ 19,189,187 | \$ 19,715,526 | \$ 21,668,627 | \$ 23,143,291 | \$ 23,856,056 |
| Restricted | 8,136,742 | 6,638,645 | 7,306,340 | 7,224,183 | 7,411,130 | 6,114,007 | 4,904,576 | 5,689,903 | 6,337,995 | 7,813,725 |
| Unrestricted | 13,397,377 | 14,631,975 | 14,103,277 | 17,027,172 | 17,057,595 | 18,509,566 | 20,792,999 | 20,577,271 | 21,226,569 | 21,126,329 |
| Total business-type activities net position | \$ 35,404,731 | \$ 37,297,696 | \$ 38,704,752 | \$ 40,431,838 | \$ 42,073,829 | \$ 43,812,760 | \$ 45,413,101 | \$ 47,935,801 | \$ 50,707,855 | \$ 52,796,110 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 26,145,969 | \$ 30,101,906 | \$ 31,198,188 | \$ 30,543,735 | \$ 32,813,080 | \$ 34,917,493 | \$ 35,155,479 | \$ 37,593,165 | \$ 40,695,453 | \$ 42,563,730 |
| Restricted | 9,338,530 | 7,791,496 | 8,369,177 | 8,288,952 | 8,095,884 | 7,128,255 | 6,413,575 | 8,498,270 | 9,933,229 | 12,464,713 |
| Unrestricted | 17,547,549 | 18,822,725 | 15,322,341 | 17,705,550 | 17,688,956 | 14,991,561 | 15,984,783 | 15,877,802 | 15,985,616 | 15,174,975 |
| Total primary government net position | \$ 53,032,048 | \$ 56,716,127 | \$ 54,889,706 | \$ 56,538,237 | \$ 58,597,920 | \$ 57,037,309 | \$ 57,553,837 | \$ 61,969,237 | \$ 66,614,298 | \$ 70,203,418 |

NOTES:

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

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

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 3,020,065 | \$ 2,347,852 | \$ 2,610,657 | \$ 2,774,741 | \$ 2,755,195 | \$ 2,992,962 | \$ 3,169,458 | \$ 3,167,883 | \$ 3,550,849 | \$ 3,522,888 |
| Public safety | 2,978,101 | 3,158,636 | 3,344,371 | 3,726,238 | 4,220,756 | 4,775,056 | 5,509,655 | 5,715,864 | 5,653,758 | 5,783,696 |
| Transportation | 808,823 | 880,325 | 856,698 | 922,304 | 968,948 | 1,059,251 | 1,263,951 | 1,170,690 | 1,293,274 | 1,240,065 |
| Internal services | - | 632,591 | 622,187 | 692,131 | 713,115 | 782,061 | 909,510 | 879,893 | 809,847 | 962,854 |
| Economic environment | - | - | - | - | 22,172 | 405,888 | 162,098 | 92,929 | 820,649 | 164,722 |
| Human services | 50,315 | 56,000 | 82,245 | 57,256 | 56,000 | 56,000 | 55,998 | 57,681 | 78,925 | 95,556 |
| Culture and recreation | 2,370,249 | 2,294,223 | 2,377,996 | 2,721,034 | 2,840,973 | 3,032,663 | 3,466,779 | 3,626,752 | 3,393,067 | 3,750,506 |
| Debt service interest | 42,669 | 35,652 | 37,267 | 28,010 | 54,238 | 39,421 | 34,118 | 24,577 | 68,195 | 46,398 |
| Total governmental activities expenses | 9,270,222 | 9,405,279 | 9,931,421 | 10,921,714 | 11,631,397 | 13,143,302 | 14,571,567 | 14,736,269 | 15,668,564 | 15,566,685 |
| Business-type activities | | | | | | | | | | |
| Water and sewer | 6,032,848 | 6,165,016 | 6,318,745 | 6,489,807 | 6,982,475 | 7,162,548 | 7,909,848 | 7,985,935 | 7,315,094 | 8,278,466 |
| Sanitation | 2,697,627 | 2,583,986 | 2,597,089 | 2,743,219 | 2,855,930 | 3,007,267 | 3,451,152 | 3,619,023 | 3,297,357 | 3,874,282 |
| Stormwater utility | 253,213 | 328,466 | 299,143 | 366,884 | 345,807 | 341,481 | 427,157 | 340,838 | 522,043 | 574,365 |
| Total business-type activities expenses | 8,983,688 | 9,077,468 | 9,214,977 | 9,599,910 | 10,184,212 | 10,511,296 | 11,788,157 | 11,945,796 | 11,134,494 | 12,727,113 |
| Total primary government expenses | \$ 18,253,910 | \$ 18,482,747 | \$ 19,146,398 | \$ 20,521,624 | \$ 21,815,609 | \$ 23,654,598 | \$ 26,359,724 | \$ 26,682,065 | \$ 26,803,058 | \$ 28,293,798 |
| Niceville-Valparaiso Regional Sewer Board, Inc. | \$ 1,614,148 | \$ 1,772,274 | \$ 2,091,837 | \$ 2,215,150 | \$ 2,555,198 | \$ 2,577,585 | \$ 2,840,217 | \$ 2,203,326 | \$ 2,083,420 | \$ 2,072,328 |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 1,791,966 | \$ 1,754,970 | \$ 2,236,981 | \$ 2,132,294 | \$ 2,028,024 | \$ 401,379 | \$ 554,223 | \$ 430,214 | \$ 518,983 | \$ 433,893 |
| Public safety | 287,408 | 200,564 | 232,715 | 256,596 | 241,625 | 275,395 | 306,182 | 358,485 | 379,028 | 465,488 |
| Transportation | 60,701 | 102,026 | 74,479 | 75,568 | 89,451 | 90,603 | 91,789 | 93,012 | 94,270 | 95,566 |
| Culture and recreation | 133,293 | 206,116 | 273,401 | 223,676 | 218,934 | 149,984 | 245,148 | 159,137 | 172,603 | 185,749 |
| Operating grants and contributions | 310,927 | 1,761,970 | 144,844 | 133,972 | 140,988 | 583,486 | 382,735 | 2,438,864 | 1,674,745 | 351,069 |
| Capital grants and contributions | 238,313 | - | - | 42,132 | 609,616 | 181,452 | 32,505 | 561,654 | 705,234 | 221,246 |
| Total governmental activities program revenues | 2,822,608 | 4,025,646 | 2,962,420 | 2,864,238 | 3,328,638 | 1,682,299 | 1,612,582 | 4,041,366 | 3,544,863 | 1,753,011 |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water and sewer | 6,594,914 | 6,710,773 | 7,401,523 | 7,409,423 | 7,923,941 | 8,107,712 | 8,347,132 | 8,724,834 | 8,599,612 | 8,744,192 |
| Sanitation | 2,794,023 | 2,828,505 | 2,830,023 | 2,877,603 | 2,944,689 | 3,047,638 | 3,203,980 | 3,369,224 | 3,508,308 | 3,693,119 |
| Stormwater utility management | 444,198 | 453,029 | 465,594 | 470,757 | 475,500 | 481,849 | 484,803 | 492,335 | 501,301 | 508,489 |
| Operating grants and contributions | 388,678 | 353,962 | 498,401 | 61,030 | - | 94,973 | 234,994 | - | 535,437 | 58,430 |
| Capital grants and contributions | 1,099,718 | 860,527 | 965,859 | 882,622 | 813,541 | 1,781,570 | 1,173,115 | 1,828,540 | 1,017,553 | 2,195,838 |
| Total business-type activities program revenues | 11,321,531 | 11,206,796 | 12,161,400 | 11,701,435 | 12,157,671 | 13,513,742 | 13,444,024 | 14,414,933 | 14,162,211 | 15,200,068 |
| Total primary government program revenues | \$ 14,144,139 | \$ 15,232,442 | \$ 15,123,820 | \$ 14,565,673 | \$ 15,486,309 | \$ 15,196,041 | \$ 15,056,606 | \$ 18,456,299 | \$ 17,707,074 | \$ 16,953,079 |
| Component Unit: | | | | | | | | | | |
| Niceville-Valparaiso Regional Sewer Board, Inc. | \$ 5,893,094 | \$ 2,936,250 | \$ 3,033,767 | \$ 2,242,986 | \$ 2,145,182 | \$ 2,681,981 | \$ 3,112,972 | \$ 2,115,371 | \$ 3,113,470 | \$ 2,124,557 |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|
| Net (Expenses) Revenues | | | | | | | | | | |
| Governmental activities | \$ (6,447,614) | \$ (5,379,633) | \$ (6,969,001) | \$ (8,057,476) | \$ (8,302,759) | \$ (11,461,003) | \$ (12,958,985) | \$ (10,694,903) | \$ (12,123,701) | \$ (13,813,674) |
| Business-type activities | 2,337,843 | 2,129,328 | 2,946,423 | 2,101,525 | 1,973,459 | 3,002,446 | 1,655,867 | 2,469,137 | 3,027,717 | 2,472,955 |
| Total primary government net expense | <u>\$ (4,109,771)</u> | <u>\$ (3,250,305)</u> | <u>\$ (4,022,578)</u> | <u>\$ (5,955,951)</u> | <u>\$ (6,329,300)</u> | <u>\$ (8,458,557)</u> | <u>\$ (11,303,118)</u> | <u>\$ (8,225,766)</u> | <u>\$ (9,095,984)</u> | <u>\$ (11,340,719)</u> |
| Component Unit: | | | | | | | | | | |
| Niceville-Valparaiso Regional Sewer Board, Inc. | <u>\$ 4,278,946</u> | <u>\$ 1,163,976</u> | <u>\$ 941,930</u> | <u>\$ 27,836</u> | <u>\$ (410,016)</u> | <u>\$ 104,396</u> | <u>\$ 272,755</u> | <u>\$ (87,955)</u> | <u>\$ 1,030,050</u> | <u>\$ 52,229</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 2,780,076 | \$ 2,911,635 | \$ 3,099,280 | \$ 3,313,938 | \$ 3,485,119 | \$ 3,694,760 | \$ 3,948,230 | \$ 4,193,588 | \$ 4,457,247 | \$ 4,743,387 |
| Utility service taxes | 1,812,978 | 1,889,457 | 1,961,807 | 1,990,813 | 2,039,441 | 2,159,118 | 2,170,933 | 2,276,026 | 2,341,857 | 2,487,137 |
| Other taxes | - | - | - | - | - | 3,395,591 | 4,521,288 | 4,793,023 | 5,641,520 | 6,079,223 |
| Intergovernmental, unrestricted | 1,759,660 | 1,875,288 | 1,991,998 | 2,093,101 | 2,207,084 | 588,797 | 632,484 | 615,607 | 762,279 | 1,074,110 |
| Gain (loss) on disposal of asset | - | - | - | (89,387) | - | - | - | - | - | - |
| Miscellaneous | 89,123 | 32,945 | 35,175 | 61,067 | 357,021 | 28,188 | 35,700 | 26,048 | 49,440 | 90,672 |
| Investment earnings | 25,575 | 21,422 | 18,644 | 19,389 | 31,786 | 42,245 | 100,488 | 83,311 | 44,365 | 40,010 |
| Transfers | 440,000 | 440,000 | 260,000 | 590,000 | 600,000 | 600,000 | 466,049 | 600,000 | 700,000 | 800,000 |
| Total governmental activities | <u>6,907,412</u> | <u>7,170,747</u> | <u>7,366,904</u> | <u>7,978,921</u> | <u>8,720,451</u> | <u>10,508,699</u> | <u>11,875,172</u> | <u>12,587,603</u> | <u>13,996,708</u> | <u>15,314,539</u> |
| Business-type activities | | | | | | | | | | |
| Miscellaneous | 179,934 | 172,072 | 194,079 | 189,675 | 204,673 | 200,471 | 208,331 | 290,363 | 268,270 | 377,641 |
| Investment earnings | 33,015 | 28,565 | 38,314 | 25,886 | 63,859 | 67,941 | 202,192 | 363,200 | 176,067 | 37,659 |
| Transfers | (440,000) | (440,000) | (260,000) | (590,000) | (600,000) | (600,000) | (466,049) | (600,000) | (700,000) | (800,000) |
| Total business-type activities | <u>(227,051)</u> | <u>(239,363)</u> | <u>(27,607)</u> | <u>(374,439)</u> | <u>(331,468)</u> | <u>(331,588)</u> | <u>(55,526)</u> | <u>53,563</u> | <u>(255,663)</u> | <u>(384,700)</u> |
| Total primary government | <u>\$ 6,680,361</u> | <u>\$ 6,931,384</u> | <u>\$ 7,339,297</u> | <u>\$ 7,604,482</u> | <u>\$ 8,388,983</u> | <u>\$ 10,177,111</u> | <u>\$ 11,819,646</u> | <u>\$ 12,641,166</u> | <u>\$ 13,741,045</u> | <u>\$ 14,929,839</u> |
| Niceville-Valparaiso Regional Sewer Board, Inc. | | | | | | | | | | |
| Miscellaneous | \$ 7,740 | \$ 7,740 | \$ 7,740 | \$ 8,563 | \$ 162,506 | \$ 2,597 | \$ 2,318 | \$ 10,213 | \$ 9,220 | \$ 9,221 |
| Investment earnings | 2,451 | 6,469 | 6,549 | 7,388 | 7,635 | 11,721 | 18,669 | 29,619 | 23,461 | 11,587 |
| Total component unit | <u>\$ 10,191</u> | <u>\$ 14,209</u> | <u>\$ 14,289</u> | <u>\$ 15,951</u> | <u>\$ 170,141</u> | <u>\$ 14,318</u> | <u>\$ 20,987</u> | <u>\$ 39,832</u> | <u>\$ 32,681</u> | <u>\$ 20,808</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 459,798 | \$ 1,791,114 | \$ 397,903 | \$ (78,555) | \$ 417,692 | \$ (952,304) | \$ (1,083,813) | \$ 1,892,700 | \$ 1,873,007 | \$ 1,500,865 |
| Business-type activities | 2,110,792 | 1,889,965 | 2,918,816 | 1,727,086 | 1,641,991 | 2,670,858 | 1,600,341 | 2,522,700 | 2,772,054 | 2,088,255 |
| Total primary government | <u>\$ 2,570,590</u> | <u>\$ 3,681,079</u> | <u>\$ 3,316,719</u> | <u>\$ 1,648,531</u> | <u>\$ 2,059,683</u> | <u>\$ 1,718,554</u> | <u>\$ 516,528</u> | <u>\$ 4,415,400</u> | <u>\$ 4,645,061</u> | <u>\$ 3,589,120</u> |
| Niceville-Valparaiso Regional Sewer Board, Inc. (component unit) | <u>\$ 4,289,137</u> | <u>\$ 1,178,185</u> | <u>\$ 956,219</u> | <u>\$ 43,787</u> | <u>\$ (239,875)</u> | <u>\$ 118,714</u> | <u>\$ 293,742</u> | <u>\$ (48,123)</u> | <u>\$ 1,062,731</u> | <u>\$ 73,037</u> |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 35,649 | \$ 31,014 | \$ 33,136 | \$ 31,074 | \$ 38,227 | \$ 31,457 | \$ 107,638 | \$ 29,367 | \$ 18,186 | \$ 18,685 |
| Restricted | 1,201,788 | 1,152,851 | 1,062,837 | 1,064,769 | 684,754 | 938,443 | 305,552 | 352,753 | 373,922 | 362,281 |
| Assigned | 1,677,027 | 1,766,731 | 1,699,048 | 2,698,505 | 3,839,312 | 3,106,131 | 3,291,427 | 3,595,191 | 3,851,483 | 443,251 |
| Unassigned | 2,923,926 | 2,909,537 | 3,392,316 | 2,442,363 | 1,717,656 | 1,247,052 | 686,933 | 2,096,362 | 1,897,516 | 4,993,784 |
| Total General Fund | <u>\$ 5,838,390</u> | <u>\$ 5,860,133</u> | <u>\$ 6,187,337</u> | <u>\$ 6,236,711</u> | <u>\$ 6,279,949</u> | <u>\$ 5,323,083</u> | <u>\$ 4,391,550</u> | <u>\$ 6,073,673</u> | <u>\$ 6,141,107</u> | <u>\$ 5,818,001</u> |
| All other governmental funds | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ 17,942 | \$ 75,805 | \$ 1,203,447 | \$ 2,455,614 | \$ 3,221,312 | \$ 4,288,707 |
| Unassigned | - | - | (16,454) | (5,220) | - | - | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (16,454)</u> | <u>\$ (5,220)</u> | <u>\$ 17,942</u> | <u>\$ 75,805</u> | <u>\$ 1,203,447</u> | <u>\$ 2,455,614</u> | <u>\$ 3,221,312</u> | <u>\$ 4,288,707</u> |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 4,392,496 | \$ 4,717,739 | \$ 5,018,650 | \$ 5,332,739 | \$ 5,556,765 | \$ 5,858,399 | \$ 6,123,655 | \$ 6,545,552 | \$ 6,927,217 | \$ 7,322,141 |
| Licenses, fees and permits | 1,333,336 | 1,432,316 | 1,541,487 | 1,589,181 | 1,475,460 | 1,585,374 | 1,606,540 | 1,577,483 | 1,644,661 | 1,920,480 |
| Intergovernmental | 2,722,671 | 3,959,862 | 2,432,978 | 2,502,446 | 3,217,005 | 3,330,631 | 4,143,278 | 6,894,930 | 7,225,930 | 5,951,241 |
| Charges for services | 622,706 | 523,554 | 626,246 | 749,793 | 746,501 | 646,977 | 899,734 | 681,517 | 790,550 | 703,785 |
| Fines | 104,113 | 58,791 | 58,323 | 54,123 | 62,782 | 62,794 | 64,071 | 46,999 | 41,836 | 40,692 |
| Miscellaneous | 114,704 | 345,155 | 391,643 | 114,264 | 111,276 | 106,823 | 184,427 | 132,488 | 117,327 | 154,236 |
| Total revenues | 9,290,026 | 11,037,417 | 10,069,327 | 10,342,546 | 11,169,789 | 11,590,998 | 13,021,705 | 15,878,969 | 16,747,521 | 16,092,575 |
| Expenditures | | | | | | | | | | |
| General government | 1,986,068 | 1,970,831 | 2,263,689 | 2,381,166 | 2,301,918 | 2,406,166 | 2,717,205 | 2,752,279 | 3,103,074 | 2,989,700 |
| Public safety | 2,831,053 | 2,927,718 | 3,202,573 | 3,289,258 | 3,546,380 | 4,024,731 | 4,430,112 | 4,540,560 | 4,917,998 | 5,196,702 |
| Transportation | 674,068 | 729,349 | 712,648 | 733,453 | 751,360 | 802,110 | 950,055 | 838,185 | 1,013,128 | 951,976 |
| Internal service | 673,423 | 632,591 | 652,611 | 659,287 | 677,452 | 714,646 | 754,747 | 698,961 | 766,206 | 925,756 |
| Economic environment | - | - | - | - | 22,172 | 405,888 | 162,098 | 92,929 | 820,649 | 164,722 |
| Human services | 50,315 | 56,000 | 82,245 | 56,496 | 56,288 | 56,000 | 55,998 | 57,681 | 78,925 | 95,556 |
| Culture and recreation | 2,139,485 | 2,045,393 | 2,179,723 | 2,352,862 | 2,392,237 | 2,545,122 | 2,758,332 | 2,765,322 | 2,827,322 | 3,242,186 |
| Capital outlay | 1,008,443 | 2,647,021 | 475,283 | 1,933,106 | 2,079,639 | 1,541,904 | 1,421,136 | 2,202,156 | 3,315,476 | 1,957,832 |
| Debt service | | | | | | | | | | |
| Principal | 331,150 | 411,119 | 412,538 | 445,300 | 620,421 | 554,013 | 607,844 | 713,027 | 421,352 | 570,770 |
| Interest | 42,669 | 35,652 | 37,267 | 28,010 | 54,238 | 39,421 | 34,118 | 24,577 | 45,259 | 53,086 |
| Total expenditures | 9,736,674 | 11,455,674 | 10,018,577 | 11,878,938 | 12,502,105 | 13,090,001 | 13,891,645 | 14,685,677 | 17,309,389 | 16,148,286 |
| Excess of revenues over (under) expenditures | (446,648) | (418,257) | 50,750 | (1,536,392) | (1,332,316) | (1,499,003) | (869,940) | 1,193,292 | (561,868) | (55,711) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from borrowing | - | - | - | 1,007,000 | 500,000 | - | 600,000 | 1,140,998 | 695,000 | - |
| Proceeds from sale of capital assets | - | - | - | - | 298,716 | - | - | - | - | - |
| Transfers in | 440,000 | 440,000 | 260,000 | 590,000 | 600,000 | 600,000 | 466,049 | 600,000 | 700,000 | 800,000 |
| Total other financing sources (uses) | 440,000 | 440,000 | 260,000 | 1,597,000 | 1,398,716 | 600,000 | 1,066,049 | 1,740,998 | 1,395,000 | 800,000 |
| Net changes in fund balances | \$ (6,648) | \$ 21,743 | \$ 310,750 | \$ 60,608 | \$ 66,400 | \$ (899,003) | \$ 196,109 | \$ 2,934,290 | \$ 833,132 | \$ 744,289 |
| Debt service as a percentage of noncapital expenditures | 4.28% | 5.07% | 4.71% | 4.76% | 6.47% | 5.14% | 5.15% | 5.91% | 3.33% | 4.40% |

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

| Fiscal Year Ended September 30 | Real Property | | Personal Property | | Total | | Ratio of Total Assessed Value to Total Estimated Actual Value | Total Direct Tax Rate |
|---|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|---|-----------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | | |
| 2013 | \$ 1,056,771,282 | \$ 1,215,286,974 | \$ 47,009,810 | \$ 54,061,282 | \$ 1,103,781,092 | \$ 1,269,348,256 | 0.87 | 3.700 |
| 2014 | \$ 1,119,117,558 | \$ 1,286,985,191 | \$ 48,414,529 | \$ 55,676,709 | \$ 1,167,532,087 | \$ 1,342,661,900 | 0.87 | 3.700 |
| 2015 | \$ 1,183,016,797 | \$ 1,360,469,316 | \$ 53,037,164 | \$ 60,992,739 | \$ 1,236,053,961 | \$ 1,421,462,055 | 0.87 | 3.700 |
| 2016 | \$ 1,271,872,742 | \$ 1,462,653,653 | \$ 54,551,786 | \$ 62,734,854 | \$ 1,326,424,528 | \$ 1,525,388,507 | 0.87 | 3.700 |
| 2017 | \$ 1,333,588,049 | \$ 1,568,927,116 | \$ 58,637,265 | \$ 67,432,855 | \$ 1,392,225,314 | \$ 1,636,359,971 | 0.85 | 3.700 |
| 2018 | \$ 1,416,710,908 | \$ 1,666,718,715 | \$ 59,362,206 | \$ 69,837,889 | \$ 1,476,073,114 | \$ 1,736,556,604 | 0.85 | 3.700 |
| 2019 | \$ 1,500,702,809 | \$ 1,765,532,716 | \$ 65,778,239 | \$ 77,386,163 | \$ 1,566,481,048 | \$ 1,842,918,879 | 0.85 | 3.700 |
| 2020 | \$ 1,598,297,787 | \$ 1,880,350,337 | \$ 64,675,918 | \$ 76,089,315 | \$ 1,662,973,705 | \$ 1,956,439,652 | 0.85 | 3.700 |
| 2021 | \$ 1,697,953,817 | \$ 1,997,592,725 | \$ 64,989,898 | \$ 76,458,703 | \$ 1,762,943,715 | \$ 2,074,051,428 | 0.85 | 3.700 |
| 2022 | \$ 1,904,489,491 | \$ 2,240,575,871 | \$ 68,808,120 | \$ 80,950,729 | \$ 1,973,297,611 | \$ 2,321,526,600 | 0.85 | 3.700 |

Source: Okaloosa County Property Appraiser's Office

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

| <u>Fiscal Year Ended September 30</u> | <u>Taxes Levied for the Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy</u> | | <u>Collections in Subsequent Years</u> | <u>Total Collections to Date</u> | |
|---|---|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2013 | \$ 2,879,890 | \$ 2,621,636 | 91.03% | 1,558 | \$ 2,623,194 | 91.09% |
| 2014 | \$ 3,015,836 | \$ 2,755,031 | 91.35% | 4,234 | \$ 2,759,265 | 91.49% |
| 2015 | \$ 3,218,758 | \$ 2,947,195 | 91.56% | 1,989 | \$ 2,949,184 | 91.62% |
| 2016 | \$ 3,444,685 | \$ 3,149,847 | 91.44% | 2,788 | \$ 3,152,635 | 91.52% |
| 2017 | \$ 3,633,823 | \$ 3,322,098 | 91.42% | 1,845 | \$ 3,323,943 | 91.47% |
| 2018 | \$ 3,844,628 | \$ 3,504,748 | 91.16% | 1,009 | \$ 3,505,757 | 91.19% |
| 2019 | \$ 4,094,647 | \$ 3,751,330 | 91.62% | 654 | \$ 3,751,984 | 91.63% |
| 2020 | \$ 4,351,272 | \$ 3,973,759 | 91.32% | 1,391 | \$ 3,975,150 | 91.36% |
| 2021 | \$ 4,648,882 | \$ 4,455,546 | 95.84% | 1,079 | \$ 4,456,625 | 95.86% |
| 2022 | \$ 4,944,357 | \$ 4,742,156 | 95.91% | 1,258 | \$ 4,743,414 | 95.94% |

Source: Okaloosa County Tax Collector

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

| Fiscal Year | City Direct Rates | | | Overlapping Rates** | |
|----------------|----------------------|----------------------------|-----------------|---------------------|--------------------|
| | Operating Millage | Debt Service Millage | Total Direct | Okaloosa County | School District |
| 2013 | 3.7000 | - | 3.7000 | 3.4308 | 7.5510 |
| 2014 | 3.7000 | - | 3.7000 | 3.4308 | 7.4410 |
| 2015 | 3.7000 | - | 3.7000 | 3.4308 | 7.2790 |
| 2016 | 3.7000 | - | 3.7000 | 3.4308 | 6.9070 |
| 2017 | 3.7000 | - | 3.7000 | 3.8308 | 6.5880 |
| 2018 | 3.7000 | - | 3.7000 | 3.8308 | 6.3610 |
| 2019 | 3.7000 | - | 3.7000 | 3.8308 | 6.2060 |
| 2020 | 3.7000 | - | 3.7000 | 3.8308 | 6.0350 |
| 2021 | 3.7000 | - | 3.7000 | 3.8308 | 5.9430 |
| 2022 | 3.7000 | - | 3.7000 | 3.8308 | 5.5790 |

Source: Okaloosa County Property Appraiser's Office

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

**CITY OF NICEVILLE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2022**

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>City Share of Overlapping Debt</u> |
|-----------------------------------|-----------------------------|--|---|
| Overlapping debt | | | |
| Okaloosa County School District | | | |
| Revenue bonds | \$ 2,598,000 | 7.55% | \$ 196,194 |
| Certificates of participation | 113,295,000 | 7.55% | 8,555,732 |
| Okaloosa County | | | |
| Revenue bonds | 74,950,367 | 7.55% | 5,660,049 |
| Private bank notes | 22,045,000 | 7.55% | 1,664,779 |
| Subtotal Overlapping Debt | <u>212,888,367</u> | | <u>16,076,754</u> |
| City direct debt: | | | |
| Revenue bonds | 915,200 | 100.00% | 915,200 |
| Commercial bank note | 189,000 | 100.00% | 189,000 |
| Financing contracts | 501,214 | 100.00% | 501,214 |
| Subtotal Direct Debt | <u>1,605,414</u> | | <u>1,605,414</u> |
| Total Direct and Overlapping Debt | <u>\$ 214,493,781</u> | | <u>\$ 17,682,168</u> |

Sources: Debt outstanding data provided by each governmental unit. Calculation of applicable percentage based on proration of the City's population in relation to the total population of Okaloosa County.

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

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

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income | Per Capita Debt |
|-------------|-------------------------|---------------------------|-------------------------|---------------|---------------------|-------------------------------|-----------------------|---------------|---------------------|--------------------------|-------------------------------|-----------------|
| | Notes Payable | Sales Tax Refunding Bonds | Gas Tax Refunding Bonds | Revenue Bonds | Financing Contracts | Water and Sewer Revenue Bonds | State Revolving Loans | Notes Payable | Financing Contracts | | | |
| 2013 | \$ - | \$ 874,278 | \$ 1,263,502 | \$ - | \$ - | \$ 12,825,997 | \$ 3,689,886 | \$ - | \$ 1,340,000 | \$ 19,993,663 | 5.79% | \$ 1,568 |
| 2014 | \$ - | \$ 736,362 | \$ 1,064,923 | \$ - | \$ 206,397 | \$ 12,779,913 | \$ 3,615,347 | \$ - | \$ 1,218,000 | \$ 19,620,942 | 4.81% | \$ 1,504 |
| 2015 | \$ - | \$ 595,481 | \$ 859,282 | \$ - | \$ 140,381 | \$ 11,829,650 | \$ 3,845,614 | \$ - | \$ 1,094,000 | \$ 18,364,408 | 4.30% | \$ 1,380 |
| 2016 | \$ - | \$ 451,766 | \$ 651,771 | \$ - | \$ 1,053,307 | \$ 10,853,546 | \$ 3,735,602 | \$ - | \$ 967,000 | \$ 17,712,992 | 3.93% | \$ 1,313 |
| 2017 | \$ - | \$ 237,581 | \$ 437,586 | \$ - | \$ 1,293,488 | \$ 9,845,002 | \$ 3,619,989 | \$ - | \$ 837,000 | \$ 16,270,646 | 3.39% | \$ 1,162 |
| 2018 | \$ - | \$ 156,366 | \$ 221,928 | \$ - | \$ 1,104,115 | \$ 8,754,313 | \$ 3,501,076 | \$ - | \$ 704,000 | \$ 14,441,798 | 3.07% | \$ 995 |
| 2019 | \$ - | \$ - | \$ - | \$ 600,000 | \$ 874,565 | \$ 7,798,049 | \$ 3,379,203 | \$ - | \$ 568,000 | \$ 13,219,817 | 2.33% | \$ 850 |
| 2020 | \$ 315,000 | \$ - | \$ - | \$ 522,200 | \$ 1,065,336 | \$ 6,814,526 | \$ 3,251,276 | \$ - | \$ 430,000 | \$ 12,398,338 | 2.13% | \$ 828 |
| 2021 | \$ 252,000 | \$ - | \$ - | \$ 1,137,000 | \$ 787,184 | \$ 9,008,612 | \$ 244,024 | \$ - | \$ 289,000 | \$ 11,717,820 | 1.63% | \$ 731 |
| 2022 | \$ 189,000 | \$ - | \$ - | \$ 915,200 | \$ 501,214 | \$ 8,597,150 | \$ 228,461 | \$ - | \$ 145,000 | \$ 10,576,025 | 1.30% | \$ 653 |

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

Sources: Information was provided by the Local Chamber of Commerce

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

| Fiscal Year | Water and Sewer Utility Charges | Less Operating Expenses | Net Available Revenue | Water and Sewer Revenue Bonds | | State Revolving Loans | | Notes Payable | | Financing Contracts | | Total Coverage |
|-------------|---------------------------------|-------------------------|-----------------------|-------------------------------|------------|-----------------------|------------|---------------|----------|---------------------|-----------|----------------|
| | | | | Debt Service | | Debt Service | | Debt Service | | | | |
| | | | | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2013 | \$ 6,594,914 | \$ 4,310,852 | \$ 2,284,062 | \$ 932,009 | \$ 497,033 | \$ 158,074 | \$ 102,040 | \$ - | \$ - | \$ - | \$ 8,367 | 1.35 |
| 2014 | \$ 6,710,773 | \$ 4,284,869 | \$ 2,425,904 | \$ 479,478 | \$ 358,730 | \$ 74,539 | \$ 104,246 | \$ - | \$ - | \$ 122,000 | \$ 8,500 | 2.11 |
| 2015 | \$ 7,305,600 | \$ 4,571,157 | \$ 2,734,443 | \$ 650,120 | \$ 153,434 | \$ 95,537 | \$ 181,787 | \$ - | \$ - | \$ 124,000 | \$ 6,500 | 2.26 |
| 2016 | \$ 7,435,423 | \$ 4,654,905 | \$ 2,780,518 | \$ 658,559 | \$ 266,071 | \$ 110,012 | \$ 100,068 | \$ - | \$ - | \$ 127,000 | \$ 18,240 | 2.17 |
| 2017 | \$ 7,923,941 | \$ 4,833,977 | \$ 3,089,964 | \$ 706,176 | \$ 252,473 | \$ 115,613 | \$ 97,255 | \$ - | \$ - | \$ 130,000 | \$ 15,965 | 2.35 |
| 2018 | \$ 8,107,712 | \$ 5,236,514 | \$ 2,871,198 | \$ 721,523 | \$ 238,178 | \$ 118,914 | \$ 94,363 | \$ - | \$ - | \$ 133,000 | \$ 13,638 | 2.18 |
| 2019 | \$ 8,347,132 | \$ 5,969,316 | \$ 2,377,816 | \$ 956,264 | \$ 223,406 | \$ 121,873 | \$ 91,826 | \$ - | \$ - | \$ 136,000 | \$ 11,257 | 1.54 |
| 2020 | \$ 8,724,834 | \$ 6,075,236 | \$ 2,649,598 | \$ 983,523 | \$ 204,015 | \$ 127,927 | \$ 96,722 | \$ - | \$ - | \$ 138,000 | \$ 8,832 | 1.70 |
| 2021 | \$ 8,599,612 | \$ 5,686,063 | \$ 2,913,549 | \$ 909,216 | \$ 173,910 | \$ 128,933 | \$ 51,310 | \$ - | \$ - | \$ 141,000 | \$ 7,612 | 2.06 |
| 2022 | \$ 8,744,192 | \$ 6,188,761 | \$ 2,555,431 | \$ 411,462 | \$ 139,492 | \$ 15,563 | \$ 7,301 | \$ - | \$ - | \$ 144,000 | \$ 5,116 | 3.53 |

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

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

CITY OF NICEVILLE, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 (UNAUDITED)

| Taxpayer | 2022 | | | 2013 | | |
|--|-------------------------|------|---|-------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Valparaiso Realty Company | \$ 19,749,248 | 1 | 1.00% | \$ 13,042,037 | 1 | 1.18% |
| Ruckel Properties, Inc. | 18,929,307 | 2 | 0.96% | 8,104,195 | 2 | 0.73% |
| Florida Power & Light (Gulf Power Company) | 13,728,252 | 3 | 0.70% | 7,389,491 | 3 | 0.67% |
| Corner Storage Niceville, LLC | 8,217,778 | 4 | 0.42% | | | |
| SHM Emerald Coast, LLC | 7,643,073 | 5 | 0.39% | | | |
| Sage Niceville Hospitality II LLC | 7,589,638 | 6 | 0.38% | | | |
| Twin Cities Hospital | 7,248,467 | 7 | 0.37% | | | |
| Prime Storage Niceville LLC | 7,111,855 | 8 | 0.36% | | | |
| Sunbelt Rentals #268 | 6,971,898 | 9 | 0.35% | 3,458,753 | 10 | 0.31% |
| VRC Crossing Rocky Bayou LLC | 6,308,005 | 10 | 0.32% | | | |
| HCA | | | | 5,513,688 | 4 | 0.50% |
| Mill Creek Village, Inc. | | | | 5,508,535 | 5 | 0.50% |
| Walmart Stores East LP | | | | 5,463,142 | 6 | 0.49% |
| Okaloosa Hospital Inc. | | | | 4,251,211 | 7 | 0.39% |
| Embarq Corporation | | | | 4,038,269 | 8 | 0.37% |
| Spence Brothers Properties Inc | | | | 3,992,637 | 9 | 0.36% |
| Total | \$ 97,189,516 | | 4.93% | \$ 60,761,958 | | 5.50% |
| Total Taxable Assessed Value of Other Taxpayers | \$ 1,876,108,095 | | 95.07% | \$ 1,043,019,134 | | 94.50% |
| Total Taxable Assessed Value | \$ 1,973,297,611 | | 100.00% | \$ 1,103,781,092 | | 100.00% |

Source: Okaloosa County Property Appraiser's Office

DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLE 12

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

| Year | Population | Personal Income* | Per Capita Personal Income | Education Level in Years of Schooling | School Enrollment | Unemployment Rate |
|------|------------|------------------|----------------------------|---------------------------------------|-------------------|-------------------|
| 2013 | 12,749 | \$ 345,501 | \$ 29,436 | 14 | 22,546 | 4.4% |
| 2014 | 13,044 | \$ 408,003 | \$ 31,279 | 14 | 20,085 | 4.1% |
| 2015 | 13,312 | \$ 426,596 | \$ 32,046 | 14 | 19,114 | 4.2% |
| 2016 | 13,489 | \$ 450,924 | \$ 33,429 | 14 | 18,001 | 4.1% |
| 2017 | 14,008 | \$ 480,054 | \$ 34,270 | 16 | 16,453 | 2.8% |
| 2018 | 14,508 | \$ 470,523 | \$ 32,432 | 16 | 18,057 | 2.3% |
| 2019 | 15,558 | \$ 568,365 | \$ 36,532 | 16 | 15,827 | 2.2% |
| 2020 | 14,976 | \$ 581,758 | \$ 38,846 | 14 | 15,618 | 3.7% |
| 2021 | 16,040 | \$ 717,100 | \$ 44,707 | 14 | 12,768 | 3.2% |
| 2022 | 16,186 | \$ 813,981 | \$ 50,289 | 14 | 14,122 | 2.2% |

*Thousands of dollars

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

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

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Physical arrests | 367 | 412 | 367 | 343 | 450 | 515 | 503 | 377 | 249 | 298 |
| Traffic violations | 2,731 | 2,371 | 2,254 | 1,763 | 1,750 | 1,728 | 2,012 | 1,429 | 1,632 | 1,451 |
| Fire | | | | | | | | | | |
| Emergency responses | 1,514 | 1,663 | 1,720 | 1,922 | 1,250 | 1,504 | 1,760 | 1,428 | 1,522 | 1,728 |
| Inspections | 439 | 506 | 350 | 150 | 365 | 328 | 538 | 96 | 135 | 110 |
| Building | | | | | | | | | | |
| Permits issued | 1,991 | 1,775 | 1,818 | 1,430 | 1,165 | 1,436 | 1,208 | 1,454 | 1,648 | 1,649 |
| Library | | | | | | | | | | |
| Volumes in collection | 73,294 | 74,370 | 77,144 | 76,069 | 78,867 | 73,565 | 75,959 | 75,561 | 73,555 | 73,456 |
| Water | | | | | | | | | | |
| New connections | 148 | 123 | 128 | 104 | 96 | 113 | 104 | 148 | 115 | 175 |
| Average daily consumption (thousands of gallons) | 2,246 | 2,401 | 2,314 | 2,074 | 2,464 | 2,344 | 3,114 | 2,570 | 2,515 | 2,557 |

Sources: Various City departments.

Note: Indicators are not available for the general government function.

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

| <u>Function/Program</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Executive | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Financial and administrative | 6 | 7 | 7 | 7 | 7 | 10 | 13 | 13 | 10 | 12 |
| Planning | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| Building | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Other | 10 | 9 | 8 | 10 | 7 | 5 | 5 | 4 | 5 | 10 |
| Public safety | | | | | | | | | | |
| Police | 29 | 32 | 32 | 32 | 31 | 34 | 39 | 36 | 36 | 30 |
| Fire | 11 | 13 | 16 | 16 | 16 | 19 | 22 | 21 | 24 | 23 |
| Physical environment | | | | | | | | | | |
| Other public works | 10 | 10 | 15 | 14 | 14 | 14 | 15 | 15 | 13 | 13 |
| Transportation | 6 | 5 | 3 | 4 | 5 | 5 | 6 | 5 | 5 | 5 |
| Culture and recreation | | | | | | | | | | |
| Parks and recreation | 17 | 18 | 20 | 20 | 23 | 26 | 31 | 29 | 27 | 28 |
| Library | 7 | 8 | 8 | 7 | 8 | 10 | 13 | 13 | 13 | 11 |
| Water | 16 | 17 | 18 | 19 | 17 | 16 | 16 | 16 | 20 | 17 |
| Sanitation | 9 | 9 | 11 | 11 | 10 | 10 | 12 | 12 | 13 | 9 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0 |
| Total | <u>125</u> | <u>132</u> | <u>142</u> | <u>144</u> | <u>144</u> | <u>155</u> | <u>179</u> | <u>171</u> | <u>173</u> | <u>164</u> |

Source: City Budget Office

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

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 22 | 25 | 25 | 25 | 23 | 30 | 37 | 39 | 36 | 36 |
| Fire stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other public works | | | | | | | | | | |
| Streets (miles) | 78.6 | 80.2 | 80.5 | 81.0 | 81.0 | 81.8 | 74.9 | 75.9 | 75.9 | 77.7 |
| Streetlights | 1,726 | 1,837 | 1,802 | 1,812 | 1,815 | 1,815 | 1,815 | 1,815 | 2,132 | 2,132 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 118.9 | 118.9 | 116.9 | 287.7 | 287.7 | 287.7 | 289.6 | 291.2 | 293.8 | 294.0 |
| Mini-parks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 1 | 4 |
| Neighborhood parks | 8 | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Community parks | 12 | 12 | 12 | 16 | 16 | 16 | 17 | 17 | 18 | 18 |
| Other parks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - |
| Water | | | | | | | | | | |
| Water mains (miles) | 126 | 126 | 126 | 126 | 126 | 131 | 137 | 137 | 141 | 144 |
| Fire hydrants | 715 | 729 | 732 | 762 | 769 | 772 | 792 | 798 | 814 | 813 |
| Number of service connections | 8,930 | 9,763 | 9,774 | 9,763 | 9,766 | 9,963 | 10,274 | 11,143 | 10,394 | 11,343 |
| Storage capacity (thousands of gallons) | 5,350 | 5,350 | 2,150 | 2,150 | 2,150 | 2,150 | 2,150 | 2,150 | 2,150 | 2,150 |
| Wastewater | | | | | | | | | | |
| Number of sanitary sewers | 68 | 68 | 70 | 70 | 70 | 70 | 86 | 87 | 91 | 122 |
| Number of treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of service connections | 7,687 | 7,919 | 8,032 | 8,115 | 8,115 | 8,286 | 8,584 | 8,566 | 8,735 | 8,776 |
| Storm sewers (miles) | 36.0 | 36.0 | 33 | 34.9 | 34.9 | 31.5 | 32.0 | 32.0 | 33.0 | 45.0 |

Sources: Various City departments

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

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

| <u>Taxpayer</u> | <u>2022</u> | | | <u>2013</u> | | |
|---|------------------|-------------|---------------------------------------|------------------|-------------|---------------------------------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Employment</u> |
| Okaloosa County School District | 3,495 | 1 | 3.48% | | | |
| Walmart (Okaloosa County Combined) | 1,720 | 2 | 1.71% | | | |
| Publix Supermarkets | 1,050 | 3 | 1.04% | | | |
| Okaloosa County Board of County Commissioners | 903 | 4 | 0.90% | | | |
| Northwest Florida State College | 765 | 5 | 0.76% | | | |
| North Okaloosa Medical Center | 737 | 6 | 0.73% | 678 | 6 | 0.70% |
| Reliance Test and Technology | 730 | 7 | 0.73% | | | |
| Okaloosa County Sheriff's Office | 475 | 8 | 0.47% | | | |
| StepOne Automotive | 423 | 9 | 0.42% | | | |
| The Boeing Company | 417 | 10 | 0.41% | 419 | 9 | 0.43% |
| Jacobs Engineering Group, Inc. | | | | 1,483 | 1 | 1.53% |
| Fort Walton Beach Medical Center | | | | 1,250 | 2 | 1.29% |
| L3Harris Technologies | | | | 1,064 | 3 | 1.09% |
| Lockheed Martin | | | | 800 | 4 | 0.82% |
| InDyne, Inc. | | | | 800 | 4 | 0.82% |
| DRS Training & Control Systems, LLC | | | | 454 | 7 | 0.47% |
| NEW, Inc. | | | | 450 | 8 | 0.46% |
| BAE Systems | | | | 410 | 10 | 0.42% |
| Edge Elementary | | | | | | |
| Total | <u>10,715</u> | | <u>10.66%</u> | <u>7,808</u> | | <u>8.03%</u> |
| Total County Employment | <u>100,483</u> * | | | <u>97,181</u> | | |

Sources: Economic Development Council of Okaloosa County, Florida.

* US Department of Commerce, United States Census Bureau.

IV. COMPLIANCE SECTION

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

**CITY OF NICEVILLE, FLORIDA
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED
 TO THE DEEPWATER HORIZON OIL SPILL
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| Source | Amount Received in the 2021-2022 Fiscal Year | Amount Expended in the 2021-2022 Fiscal Year |
|---|---|---|
| | <u> </u> | <u> </u> |
| Florida Gulf Environmental Benefit Fund: | | |
| Boggy Bayou Watershed Quality Improvements ¹ | \$ - | \$ 5,702 |
| | <u> </u> | <u> </u> |

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

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited the financial statements of the City of Niceville, Florida (the City) as of and for the year ended September 30, 2022, and have issued our report thereon dated March 24, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

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

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

Warren Averett, LLC

Fort Walton Beach, Florida
March 24, 2023

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Niceville, Florida (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements which collectively comprise the City of Niceville, Florida's basic financial statements and have issued our report thereon dated March 24, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Niceville, Florida's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Fort Walton Beach, Florida
March 24, 2023

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB *Compliance Supplement* during the year ended September 30, 2022.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2022. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
March 24, 2023

**CITY OF NICEVILLE, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2022**

FINANCIAL STATEMENT FINDINGS

FINDING 2022-001 – CAPITAL ASSET MANAGEMENT AND REPORTING

Criteria

The City's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct a material misstatement on a timely basis.

Condition

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

Cause

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

Effect

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

Recommendation

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

Management's Response

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

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

Honorable Mayor and City Council Members
City of Niceville, Florida

We have examined the City of Niceville, Florida's (the City's) compliance with the following requirements for the year ended September 30, 2022:

- 1) Section 218.415, Florida Statutes, in regard to investments, and
- 2) Section 218.8018, Florida Statutes, in regard to the Deepwater Horizon Oil Spill receipts and expenditures.

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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



Fort Walton Beach, Florida
March 24, 2023

MANAGEMENT LETTER

Honorable Mayor and City Council Members
City of Niceville, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Niceville, Florida (the City), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 24, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with *Government Auditing Standards*; Independent Accountants' Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement; Schedule of Findings and Responses; and Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March , should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the City has been disclosed in Note 1 to the financial statements. The City included the Niceville-Valparaiso Regional Sewer Board as a component unit in the accompanying financial statements. Additional details regarding the City's relationship with the Niceville-Valparaiso Regional Sewer Board can be found in Note 1 to the financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations other than those discussed in the schedule of findings and questioned costs.

Special District Component Units

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

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Niceville Community Redevelopment Agency (the CRA) reported:

- a) The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 2.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 1.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$37,206.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$56,635.
- e) No construction projects with a total cost of at least \$65,000 approved by the CRA that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

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

- a) The total number of Board employees compensated in the last pay period of the Board's fiscal year as 9.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year as 1.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$517,659.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$199,566.
- e) No construction projects with a total cost of at least \$65,000 approved by the Board that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

The specific information reported in the previous paragraphs has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Additional Matters

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

Purpose of this Letter

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

We greatly appreciate the assistance and cooperation extended to us during our audit.

Warren Averett, LLC

Fort Walton Beach, Florida
March 24, 2023