



COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED SEPTEMBER 30, 2018

THE CITY OF DAYTONA BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:
Finance Department

Patricia Bliss
Chief Financial Officer

Introductory Section



**THE CITY OF DAYTONA BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
Table of Contents	1
Letter of Transmittal.....	5
Certificate of Achievement for Excellence in Financial Reporting	10
Organizational Chart.....	11
Mayor, City Commissioners and City Officials	12
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	33
Statement of Activities	34
Fund Financial Statements:	
Balance Sheet – Governmental Funds	35
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	36
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Redevelopment Trust Special Revenue Fund	40
Statement of Net Position – Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	42
Statement of Cash Flows – Proprietary Funds	43
Statement of Net Position – Fiduciary Funds.....	45
Statement of Changes in Net Position – Fiduciary Fund	46
Notes to the Financial Statements.....	47
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability – Florida Retirement System and Health Insurance Subsidy Program.....	113
Schedule of City Contributions – Florida Retirement System and Health Insurance Subsidy Program...	114
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Police and Fire Pension Trust Fund	115
Schedule of City Contributions – Police and Fire Pension Trust Fund.....	116
Schedule of Changes in the City's Total Other Post-Employment Benefit Liability and Related Ratios	117

**THE CITY OF DAYTONA BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	124
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Community Development Special Revenue Fund.....	127
Local Housing Assistance Special Revenue Fund	128
Law Enforcement Trust Special Revenue Fund	129
Federal Shared Property Forfeitures Special Revenue Fund.....	130
Transportation 5-Cent Gas Tax Special Revenue Fund	131
Permit and License Special Revenue Fund	132
Road Impact Fees Special Revenue Fund	133
Recreation/Parks/Culture Impact Fees Special Revenue Fund	134
Fire/EMS Impact Fees Special Revenue Fund	135
Police Impact Fees Special Revenue Fund.....	136
General Government Impact Fees Special Revenue Fund	137
Grants Special Revenue Fund.....	138
Emergency Management Grants Special Revenue Fund.....	139
Capital Improvement Revenue Bonds Debt Service Fund	140
General Obligation Refunding Bonds Debt Service Fund	141
Capital Improvement Revenue Notes Debt Service Fund.....	142
Capital Financing Debt Service Fund.....	143
Combining Statement of Net Position – Nonmajor Enterprise Funds	146
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds.....	148
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	150
Combining Statement of Net Position – Internal Service Funds	155
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	156
Combining Statement of Cash Flows – Internal Service Funds	157
Combining Statement of Net Position – Discretely Presented Component Units	159
Combining Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units.....	160
Combining Schedule of Deposits and Withdrawals – Redevelopment Trust Funds	161

**THE CITY OF DAYTONA BEACH, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

TABLE OF CONTENTS (Continued)

<u>STATISTICAL SECTION</u>	<u>PAGE</u>
Summary of Statistical Tables	163
Table 1 - Net Position by Component.....	165
Table 2 - Changes in Net Position	166
Table 3 - Fund Balances of Governmental Funds.....	168
Table 4 - Changes in Fund Balances of Governmental Funds.....	169
Table 5 - Assessed Value and Estimated Actual Value of Taxable Property	167
Table 6 - Property Tax Rates – Direct and Overlapping Governments	171
Table 7 - Principal Property Taxpayers	172
Table 8 - Property Tax Levies and Collections	173
Table 9 - Water Produced and Consumed and Wastewater Treated.....	174
Table 10 - Water and Sewer Rates.....	175
Table 11 - Ten Largest Water and Sewer Customers	176
Table 12 - Ratios of Outstanding Debt by Type	177
Table 13 - Ratios of General Bonded Debt Outstanding	178
Table 14 - Governmental Activities Debt – Direct and Overlapping	179
Table 15 - Legal Debt Margin	180
Table 16 - Pledged Revenue Coverage.....	181
Table 17 - Demographic and Economic Statistics	182
Table 18 - Principal Employers	183
Table 19 - Full-Time Equivalent City Government Employees by Function/Program	184
Table 20 - Operating Indicators by Function.....	185
Table 21 - Capital Asset Statistics by Function/Program	186
Table 22 - Other Post-Employment Benefits (OPEB) Schedule of Statistical Information	187
 <u>COMPLIANCE SECTION</u>	
Schedule of Expenditures of Federal Awards and State Financial Assistance	189
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	192
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 <i>Government Auditing Standards</i>	193
Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General.....	195
Schedule of Findings and Questioned Costs.....	198
Independent Auditors’ Management Letter	201
Independent Accountants’ Report on Compliance with Local Government Investment Policies.....	206





The CITY OF DAYTONA BEACH

“THE WORLD'S MOST FAMOUS BEACH”

Office of the City Manager

May 31, 2019

To the Honorable Mayor and City Commissioners, and
Citizens of The City of Daytona Beach

We are pleased to submit the Comprehensive Annual Financial Report of The City of Daytona Beach, Florida, for the fiscal year ended September 30, 2018 as required by City Charter and Florida Statutes.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on The City of Daytona Beach’s financial statements for the year ended September 30, 2018. The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of The City of Daytona Beach

The City of Daytona Beach, Florida, (the “City”) is an incorporated municipality of the State of Florida located within the County of Volusia. The City, which currently encompasses 68 square miles, is located on the central east coast of the State of Florida, 89 miles south of Jacksonville and 50 miles northeast of Orlando.

The City was incorporated on July 26, 1876 and operates under a Commission-Manager form of government. Policy-making and legislative authority are vested in the City Commission consisting of the mayor, elected citywide, and six (6) commissioners elected by district. The Mayor and City Commission are elected on a non-partisan basis to four (4) year terms. The City Commission is responsible for, among other things, setting policy, passing ordinances and resolutions, adopting the budget, appointing committee and board members, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and directives of the City Commission, overseeing the day-to-day operations of the City and appointing various department managers.

The City is empowered to levy a property tax on both real and personal property located within the City and provides general government, public safety, transportation, economic environment, and culture and recreation services to its 66,200 residents. To provide these services, the City operates nine (9) enterprise activities: a water and sewer system, a solid waste system, a stormwater system, a marina with office plaza, a municipal golf course, a tennis center, a special event and cultural venues (theater, band shells and amphitheater), a municipal football stadium and minor league baseball stadium, and pier operations.

To effectively manage its financial resources, The City of Daytona Beach prepares and adopts an annual operating budget and a five-year capital program that encompasses all funds as necessary. The budget process starts each January with a strategic planning session with the City Commission and management. Later, the operating department managers submit their requests to the City Manager, who then reviews these requests and, considering available revenue sources, prepares

his proposed budget. The City Manager's proposed budget is submitted to the City Commission by July 15th of each year. Budget workshops are scheduled as necessary, and two (2) advertisements and two (2) public hearings are held with final adoption by September 30, all in compliance with Florida's Truth in Millage (TRIM) requirements. The legal level of budgetary control is at the fund level at which management may not overspend appropriated amounts.

Financial Reporting Entity

This financial report includes all funds and component units of the City in accordance with Governmental Accounting Standards Board, Statement No. 14, as amended, which clarifies the criteria in defining the governmental reporting entity. Included as part of this report is the fiscal information that the City maintains for the Daytona Beach Downtown Development Authority, which is a dependent taxing entity. The First Step Shelter Inc., a 501(c)3 not-for-profit corporation which provides homeless services, is a discretely presented component unit of the City as the City Commission is responsible for appointing and removing its board members.

The Daytona Beach Housing Authority is not a part of this report because the City's accountability does not extend beyond making appointments to their board and the City cannot impose its will on the Daytona Beach Housing Authority, nor does the City derive any financial benefit or burden from the relationship.

The City, in conjunction with the County of Volusia and two (2) other cities in Volusia County have created the Eastern Volusia Regional Water Authority (EVRWA), whose purpose is to protect the area's future water supply. The EVRWA is composed of one (1) member from the governing board of each of the municipalities and county. This year the City did not contribute to the EVRWA; furthermore, the EVRWA is not a part of this financial report.

Factors Affecting Financial Condition

The Daytona Beach/Volusia County region sustained the effects of two hurricanes, Matthew in October 2016 and Irma in September 2017, and the greatest impact to the City was the recovery efforts for debris removal expenditures. The utility system was intact throughout the events and customers had access to services. Expenditures related to repair and recovery efforts are still underway and final FEMA reimbursement is not expected for at least another two years.

Local economy. The local economy of the City of Daytona Beach is undergoing a renaissance period, demonstrated by a significant increase in new construction, an increase in home values and a decrease in unemployment. Recent growth is in all economic sectors; tourism, housing, manufacturing, retail, and government. The City's growth is the powerhouse for the entire County's growth which means making smart planning choices now are more important than ever before. The financial picture of the City includes resources to ensure adequate infrastructure to support existing and planned growth, a safe, healthy and welcoming community of desirable neighborhoods, and an environment of prosperity to promote economic vitality and opportunity for everyone.

Daytona Beach has always been heavily tourist-oriented and currently draws more than 9 million tourists annually for family vacations or to attend any of the seven (7) major special events held in the city throughout the year. More than half of these visitors are from out of state. The region is rich in outdoor amenities with access to recreation on 23 miles of Atlantic Ocean beach and the 27,330-acre Tiger Bay State Forest. The 10,000 seat municipal football stadium has a 30-year lease with DME Sports and is home field for the Bethune-Cookman University Wildcats and host to numerous events including the National Association of Intercollegiate Athletics (NAIA) football championship. The City hosted the Shriners International Imperial Session annual convention in 2017 and 2018. Their five-day stay accounted for more than 11,000 room nights at area hotels and they held many family filled events including their signature event, the Shriners' parade, along A1A. These major special events and the numerous smaller events continue to grow in participation and in financial impact to the City.

The City is aware of the business community's need for a healthy and well-educated workforce. Annually the City funds the Mayor's Fitness Challenge and provides sponsorships to various schools and local colleges for educational and training programs. The local area unemployment rate decreased from 4.1 percent at September 2017 to 3.2 percent at September 2018, which is slightly lower than the state unemployment rate of 3.3 percent.

Over the last several years, the City has made significant progress in planning for future development, fostering a positive business climate and improving the City's appearance along gateway corridors and in neighborhoods, upgrading roadways and utility systems, constructing new community centers, creating master plans for specific redevelopment areas, and revitalizing the Daytona Beach Pier all while reducing crime rates. This past year, several planned projects were completed throughout the community including a significant makeover in the area near Daytona International Speedway, new hotels and restaurants on the beachside, additional housing developments on the west side, renovations to various university properties, and expansion of research and manufacturing facilities. Almost three-quarters of a million travelers passed through the Daytona Beach International Airport which offers daily direct and connecting flights through Delta Air Lines, US Airways/American Airlines and Silver Airways and adds convenience for our local community and worldwide travelers. The addition of available hotel rooms, restaurants, and entertainment businesses will attract additional large conventions at the Ocean Center.

As a result of this cumulative effort, investors have taken notice and several transformative projects are underway. Building permit revenue continues to increase with the increased construction activity and taxable assessed property value has increased 10.0 percent. Moreover, developers broke ground on the most extensive oceanfront project in Daytona Beach's history, the \$192 million Daytona Beach Convention Hotel and Condominiums, which will also be the area's tallest with two towers rising more than three-hundred feet. The 1.1 million square foot development with 501 hotel rooms and 128 condo units is expected to open in 2019.

Four-miles inland from the World's Most Famous Beach is One Daytona, a \$400 million, 1.1 million square foot entertainment destination with hotels, shopping, theater, restaurants, and office complex across from the Daytona International Speedway. The anchors, Cobb Luxury Theater with 12 movie screens, oversized reclining seats, and full-service restaurant and bar; and Bass Pro Shop's 67,000 square foot Outpost store with its 12,000 gallon aquarium and living museum, have become attractions and job generators. Race fans have opportunity now to stay across from the historic Daytona International Speedway at the 105-room Fairfield Inn & Suites and the 144-room Marriott Autograph Collection hotel.

The strong housing market is reflected in the 8.4 percent increase in total market value as reported by Volusia County Property Appraiser's Office. There is an 18 percent increase in the number of permits issued with a corresponding 14 percent increase in fees collected when compared to the prior fiscal year. A total of 797 permits were issued in July 2018, the most in any month in the City's history. The City has been named the third-hottest market in the United States for second home buyers and for coastal areas. Residential construction continues to increase. Margaritaville Holdings and Minto Communities LLC is building Latitude Margaritaville, named after Jimmy Buffett's well-known song, a seven thousand-home active adult community located on the western edge of the City with resort-style walkable neighborhoods, live entertainment band shell, and membership privileges at the LPGA International Golf Course. The community encompasses 1,856 acres and it is the largest master-planned community ever built in Volusia County. Near Margaritaville is ICI Homes' planned development called Mosaic which will feature 1,200 homes.

Recently U.S. News ranked Daytona Beach #13 best place to retire and #99 best place to live. The analysis was based on quality of life and the job market in each metro area, as well as the value of living and people's desire to live there. In addition to great outdoor activities such as beach, fishing, golfing, life in Daytona Beach is balanced by museums, theaters, performing arts centers, antique markets, restaurants, malls and colleges that combine to make Daytona Beach one of Florida's most well-rounded metro areas.

To create a diversified employment base, additional high-paying jobs are being created by various non-tourism businesses. B. Braun Medical Inc., a German-based manufacturer of intravenous drug systems, expanded its operations, creating 175 jobs with an average annual salary of \$42,000 and made a capital investment of more than \$100 million. B. Braun also recently completed a 400,000 square-foot distribution center on Clyde Morris Boulevard, just south of LPGA Boulevard. Daytona-based insurance giant Brown & Brown will expand its operations, creating at least 600 new jobs with average annual salaries of more than \$41,000, and recently began construction its 11-story office complex on 10 acres of prime downtown real estate. These new facilities will provide an expansion of the City's tax base in the long-term. This overall growth opportunity puts the City in position to improve its financial position and that of its resident workers and business community.

Financial planning and budgeting. The adopted budget addressed the increased demand for services from residents and the business community, the overall need to rejuvenate existing City facilities, and the plan for resilience and sustainability. The City's primary focus related to economic growth is to enhance commercial and residential property values through the continued revitalization. The City continues to stress expenditure control and employ cost-cutting measures and will seek to leverage its dollars by grant funding and additional sources of recurring revenues whenever opportunities arise. One of the ongoing budgetary challenges is anticipating the impact of state mandates. There were several legislative initiatives that put financial restraints on all Florida local governments. The last legislative session included proposed changes such as reduction or elimination of community redevelopment agencies and erosion of home-rule capabilities. The failed legislation proposals of past sessions remain an area of vulnerability for all municipal governments throughout the State of Florida.

Relevant financial policies. To ensure that sound financial management policies and procedures are in place in Daytona Beach, the City forefathers adopted the Fiscal Integrity Principles Ordinance. The City Commission recognizes the need to meet seasonal shortfalls in cash flows, its susceptibility to emergency or unanticipated expenditures, or to the possibility of revenue shortfalls during any fiscal year. To address these issues, the Fiscal Integrity Principles Ordinance contains a policy to maintain an unassigned fund balance in the General Fund of not less than 10 percent of next year's budgeted expenditures (excluding operating transfers and other financing uses). The unassigned fund balance at September 30, 2018 is 24 percent of the FY 2018-19 budgeted expenditures. Additionally, excess unassigned fund balance can be used in subsequent years for recovery from Hurricane Matthew which occurred in October 2016 and Hurricane Irma which occurred in September 2017. However, non-recurring revenues from the City's fund balance account cannot be used to balance the annual budget for recurring expenditures.

Major initiatives. The Brown Foundation has pledged \$15 million to reinvent Riverfront Park from Orange Avenue to Main Street in Daytona Beach downtown. The park will have different garden and outlook areas, walking paths, a splash park for children, fountains, kayak launch, restroom and office buildings mimicking the architecture of iconic Daytona Beach downtown structures from the 1930s.

Several years ago the City created the beachside "E-Zone" area near the renovated city-owned pier. This venture has succeeded in attracting private development including a local boutique hotel and major hotel chains including a Hard Rock Hotel. Utility infrastructure and roadway improvements are planned for these areas with proposed funding coming from developers and various grants. A new sanitary sewer forcemain crossing under the Halifax River which connects the beach side peninsula to a mainland wastewater facility and provides system redundancy and environmental safety was funded by a State legislative appropriation and zero percent interest loan from the State's Revolving Fund.

Furthermore, motorists and pedestrians traveling along West International Speedway Boulevard, our major east-west gateway through the City, experience a completely refurbished corridor as well as two pedestrian overpasses which improves safety. The next section of the boulevard, in the City's Midtown Redevelopment Area near one of the colleges, was resurfaced in September 2018 with widened sidewalks, added wayfinding signage and modernized signalization. While these improvements are currently concentrated inland, the City is working with community and business leaders to continue these improvements along the entire corridor extending over the bridge to the Atlantic Ocean.

A \$40 million upgrade to several treatment processes is currently under way at the Westside Regional Water Reclamation Facility (WRF) and is funded by zero percent interest loan from the State's Revolving Fund loan program. When the improvements are completed, the City will be able to more reliably treat wastewater to reclaimed standards. This project is being delivered via the construction-management-at-risk method, creating a more collaborative environment in which the City has a higher level of input and can help ensure the City gets the most value for each dollar spent.

Helping our community's less fortunate is a top priority of our City Commission. The City is committed to finding a solution to reduce homelessness in Daytona Beach and, First Step Shelter, Inc., a 501(c)3, has been created. Once built, the come-as-you-are shelter will provide housing and rehabilitation service to homeless adults and is funded with collaborative support from the City of Daytona Beach, Volusia County, other area cities, and financial commitments from local businesses, individuals, and the faith community.

The City is also committed to investing in its youth. At facilities throughout the City, academic programming such as one-on-one afterschool tutoring, computer lab, music programming, and STEM programs are well attended. Since 2016 the Daytona Beach Police Department has assigned a School Resource Officer to each of our ten public schools within the city limits. This program is made possible by a federal grant and a partnership with Volusia County School Board.

Local parks and public spaces provide for a healthy, prosperous and well-connected community. The City leveraged its budgeted dollars by using grants to improve the historic oceanfront bandshell and Ritchey Plaza on the beach, citywide sidewalks and trails. Various segments of the Sweetheart Trail, a multi-use pathway that runs along the Halifax River across from the City's downtown area with unique eateries and trendy boutique shops, was recently constructed and will positively impact hundreds of residents and guests to our community. The Sweetheart Trail is Daytona Beach's section of the 2,900-mile-long East Coast Greenway Trail between Calais, Maine and Key West, Florida.

For today and future generations, the Bennett Swamp Aquifer Recharge Project, which supports a regional strategy for water supply and ultimately improves the water quality of the Halifax River, will redirect four million gallons per day of reclaimed water to reestablish the hydrologically stressed wetlands, recharge the aquifer, and provided refuge for wildlife. The \$5 million project is funded by a St. John's River Water Management District grant, Florida Department of Environmental Protection legislative appropriation and utility system ratepayers.

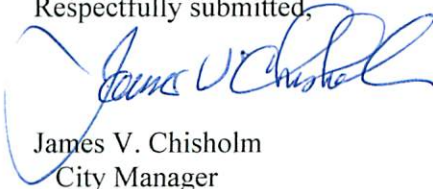
Awards

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 Daytona Beach for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the 46th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish 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 (1) year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

A comprehensive annual financial report of this nature could not have been prepared without the dedicated efforts of all staff members concerned. We would like to express our appreciation to all those who helped to produce this report and for their interest and support in planning and conducting the fiscal operations of the City. A special note of thanks and acknowledgement is extended to Heidi Bova, Christine Aiken, Melissa Frangoulis, Roxanne Kelly, Sigita Mazeika, Deedra Moore, William Rotella, and Patricia Snowden for their continued dedicated contribution and proficient effort in the preparation of this report and to Carr, Riggs & Ingram LLC for their professional approach and high standards in conducting the independent audit.

Respectfully submitted,



James V. Chisholm
City Manager



Patricia Bliss
Chief Financial Officer



Natalia Eckroth
Financial Services Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Daytona Beach
Florida**

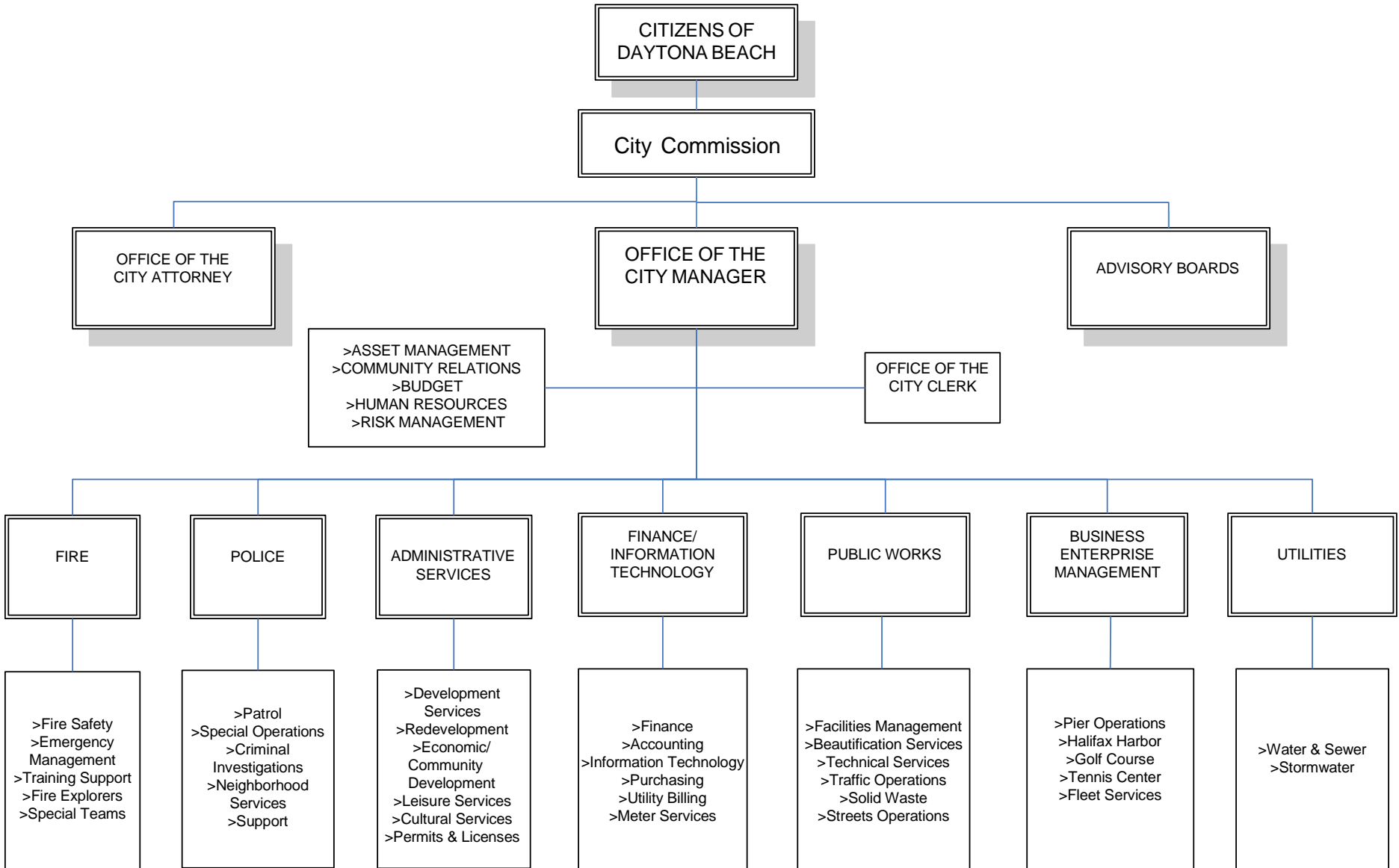
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

**City of Daytona Beach, Florida
Organizational Structure
Fiscal Year 2017-2018**



THE CITY OF DAYTONA BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

MAYOR AND COMMISSIONERS



*Front Row, left to right: Kelly White, Mayor Derrick L. Henry, and Ruth Trager
Back Row, left to right: Aaron Delgado, Dannette Henry, Paula R. Reed and Robert A. Gilliland*

CITY MANAGER
James V. Chisholm

CHIEF FINANCIAL OFFICER
Patricia Bliss

CITY ATTORNEY
Robert Jagger

CITY CLERK
Letitia LaMagna

Financial Section



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
City of Daytona Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Daytona Beach, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Fire Pension Trust Fund, which represents 100% of the assets, net position and additions of the pension trust fiduciary fund. We also did not audit the financial statements of First Step Shelter, Inc., which represents 97%, 97%, and 71%, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the Police and Fire Pension Trust Fund and to First Step Shelter, Inc., is based solely on the reports of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the redevelopment trust special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 22 to the financial statements, in 2018 the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, combining internal service funds financial statements, combining discretely presented component units financial statements, combining

schedule of deposits and withdrawals for the redevelopment trust funds, budgetary schedules of special revenue and debt service funds, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550 Rules of the Florida Auditor General, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, combining internal service fund financial statements, combining discretely presented component units financial statements, combining schedule of deposits and withdrawals for the redevelopment trust funds, budgetary schedules of special revenue and debt service funds, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, combining internal service fund financial statements, combining discretely presented component units financial statements, combining schedule of deposits and withdrawals for the redevelopment trust funds, budgetary schedules of special revenue and debt service funds, and schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical section have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2019, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
May 31, 2019



Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

On behalf of the City of Daytona Beach (the "City"), management presents to the readers of the City's financial statements this narrative overview and analysis of financial activities of the City of Daytona Beach for the fiscal year ended September 30, 2018. We are providing this discussion and analysis to assist the reader in a better understanding of the City's overall financial position. This discussion and analysis should be considered in conjunction with the additional information in the letter of transmittal beginning on page 5, and the City's financial statements beginning on page 33.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY 2017-18 by \$138.7 million (*net position*). Due to the fact that the City has non-asset related debt and the impact of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*, the unrestricted net position reflects a deficit of \$61.7 million.
- For FY 2017-18, the City's total net position increased by \$26.8 million when compared to last fiscal year's net position. The governmental activities net position increased by \$9.5 million. The business-type activities net position increased by \$17.3 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$50.8 million, an increase of \$5.1 million from the prior fiscal year. Approximately \$15.4 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of FY 2017-18, the General Fund's unrestricted fund balance (the total of *committed, assigned, and unassigned* components of *fund balance*) was \$23.6 million.
- In compliance with the City's Fiscal Integrity Principles Ordinance, unassigned fund balance in the General Fund at September 30, 2018 is 24 percent of FY 2018-19 budgeted expenditures, which is greater than the 10 percent minimum requirement. Both Water and Sewer and Stormwater enterprise funds contain a FY 2017-18 budget appropriation designated for capital renewal and replacement equal to 8 percent of the preceding fiscal year's revenues, which is the minimum amount required.
- The City's total outstanding long-term debt from bonds, loans and notes decreased by \$2.4 million during the current fiscal year. Governmental activities debt decreased \$3.1 million which is net of principal retirement of \$5.1 million and new debt issuance of \$2.0 million. Business-type activities debt increased \$662,000 which is net of principal retirement of \$28.8 million and a new borrowing of \$29.4 million due to issuance of refunding debt and for new utility projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). 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 services, public safety, transportation, economic environment, human services, and culture and recreation. The business-type activities of the City include the water and sewer system, solid waste management, stormwater improvement, marina with office plaza, golf course, tennis center, special event and cultural venues (including a theater, the bandshell and amphitheater), a 10,000 seat municipal football stadium, a minor league ballpark, and pier operations. The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Downtown Development Authority and First Step Shelter, Inc. for which the City discretely reports separately from the primary government. The government-wide financial statements can be found on pages 33 and 34 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary 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. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations can be found on pages 36 and 38. The City has three (3) major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Redevelopment Trust Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the combining

and individual fund statements and schedules section of this report. The City adopts an annual appropriated budget for its General Fund and Redevelopment Trust Fund. Budgetary comparison statements have been provided for the General Fund and Redevelopment Trust Fund (special revenue fund) to demonstrate compliance with the adopted budgets. The basic governmental fund financial statements can be found on pages 35-40 of this report.

Proprietary Funds. The City maintains two (2) different types of proprietary funds. *Enterprise 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 water and sewer system, solid waste management, stormwater improvement, marina, golf course, tennis center, cultural services, 10,000 seat municipal football stadium, minor league ballpark and pier operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, employment services, property maintenance, information technology systems, and consolidated insurance. These internal service funds have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, solid waste management, and stormwater improvement, all of which are considered to be major funds. Data from the other nonmajor proprietary funds are combined into a single, aggregated presentation. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor proprietary funds and the internal service funds is provided in the form of *combining statements* in the combining and individual fund statements and schedules section of this report. The basic proprietary fund financial statements can be found on pages 41-44 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's programs. The City maintains two (2) different types of fiduciary funds. The Police and Fire Pension Trust Fund is used to report resources held in trust for retirees and beneficiaries covered by this pension trust fund. The Police Asset Agency Fund is used to report resources held in trust that were seized by police officials and held in evidence until the criminal investigations are complete. The basic fiduciary fund financial statements can be found on pages 45 and 46 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-112 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on pages 113-118 concerning the City's proportionate share of and changes in the net pension liability for Florida Retirement System, Health Insurance Subsidy, the Police and Fire pensions, and the total liability and changes in the total liability for post-employment benefits (OPEB), as well as the City's progress in funding its contribution requirements for pension benefits and other post-employment benefits to certain employees.

The *combining statements* referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and budget and actual schedules can be found on pages 119-162 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

In FY 2017-18, the City reported a net position of \$138.7 million. The City's beginning net position has been reduced by \$0.6 million due to a change in accounting principle for the implementation of Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 19 and Note 22 in the notes to financial statements section of this report for more information. After including the change in accounting principle, the City's total net position increased \$26.8 million. In the prior fiscal year, the City

reported net position of \$27.6 million for governmental activities, which was restated to \$27.1 million. After including the change in accounting principle, the net position of the City's governmental activities increased by \$9.6 million. In the prior fiscal year, the City reported net position of \$84.9 million for business-type activities, which was restated to \$84.8 million for the cumulative effect of GASB Statement No. 75. After including the change in accounting principle, the net position of the City's business-type activities increased by \$17.3 million.

**The City of Daytona Beach, Florida
Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (*)	2018	2017 (*)	2018	2017 (*)
Current and other assets	\$72,001,560	\$62,539,242	\$84,829,191	\$72,550,312	\$156,830,751	\$135,089,554
Capital assets	113,822,225	109,158,665	135,170,468	129,092,542	248,992,693	238,251,207
Total assets	185,823,785	171,697,907	219,999,659	201,642,854	405,823,444	373,340,761
Total deferred outflows of resources	14,284,326	24,221,718	5,048,861	5,223,826	19,333,187	29,445,544
Current liabilities	18,009,009	14,551,353	20,488,505	20,119,171	38,497,514	34,670,524
Long-term liabilities	142,364,879	149,650,400	101,496,417	101,272,831	243,861,296	250,923,231
Total liabilities	160,373,888	164,201,753	121,984,922	121,392,002	282,358,810	285,593,755
Total deferred inflows of resources	3,086,008	4,138,076	986,022	547,011	4,072,030	4,685,087
Net position:						
Net investment in capital assets	91,978,293	85,932,944	40,503,469	33,859,945	132,481,762	119,792,889
Restricted	33,229,359	24,875,002	34,734,738	28,742,079	67,964,097	53,617,081
Unrestricted (deficit)	(88,559,437)	(83,228,150)	26,839,369	22,325,643	(61,720,068)	(60,902,507)
Total net position	\$36,648,215	\$27,579,796	\$102,077,576	\$84,927,667	\$138,725,791	\$112,507,463

* Balances for the fiscal year ended September 30, 2017 have not been restated for the implementation of GASB Statement No. 75. See Note 19 and Note 22 to the financial statements for an explanation of the charges to beginning net position.

The largest portion of the City's net position (\$132.5 million) reflects its substantial investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. This displays the City's commitment to investing in assets that have useful lives in excess of the life of the debt issues used to finance the assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. It should be noted that resources needed to repay capital-related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

A smaller portion of net position (\$68.0 million) represents resources that are subject to external restrictions on how they may be used. These restrictions include debt covenants, enabling legislation, capital improvements, and other legal requirements.

The negative (deficit) unrestricted net position in the governmental activities is primarily due to the implementation of GASB Statement No. 68 in FY 2014-15, and GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions* in FY 2017-18, as well as non-asset related debt issued for funds that were

contributed to developers to support public areas in their specific development projects in the Main Street Community Redevelopment area. While the funds were contributed to developers for public areas, the City did not receive any capital assets on the City's records. The City's overall net position increased \$9.0 million from the prior fiscal year's balance. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

(The remainder of this page is intentionally left blank)

Statement of Activities. The following is a comparison of major revenue and expense categories for the fiscal years ending September 30, 2018 and 2017:

**The City of Daytona Beach, Florida
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (*)	2018	2017 (*)	2018	2017 (*)
REVENUES:						
Program revenues:						
Charges for services	\$ 13,041,825	\$ 10,432,244	\$ 90,376,936	\$ 84,763,447	\$ 103,418,761	\$ 95,195,691
Operating grants and contributions	7,318,578	4,670,880	65,763	72,854	7,384,341	4,743,734
Capital grants and contributions	4,522,339	1,425,262	7,281,354	5,088,138	11,803,693	6,513,400
General revenues:						
Property taxes levied for general purpose	28,214,204	26,873,734	-	-	28,214,204	26,873,734
Gas taxes	1,952,241	1,925,285	-	-	1,952,241	1,925,285
Public service taxes	11,547,176	10,889,630	-	-	11,547,176	10,889,630
Sales taxes	3,759,786	3,539,341	-	-	3,759,786	3,539,341
Franchise taxes	6,301,472	6,112,377	-	-	6,301,472	6,112,377
Tax increment taxes	3,068,042	2,974,533	-	-	3,068,042	2,974,533
Other taxes	937,925	813,175	-	-	937,925	813,175
Intergovernmental revenue not restricted to specific programs	2,685,849	2,684,011	-	-	2,685,849	2,684,011
Income on investments	843,607	404,539	620,629	517,045	1,464,236	921,584
Other general revenues	1,239,546	2,485,416	407,550	938,753	1,647,096	3,424,169
Total revenues	85,432,590	75,230,427	98,752,232	91,380,237	184,184,822	166,610,664
EXPENSES:						
General government	14,919,468	10,013,302	-	-	14,919,468	10,013,302
Public safety	53,040,030	51,744,571	-	-	53,040,030	51,744,571
Physical environment	3,383,357	6,009,372	-	-	3,383,357	6,009,372
Transportation	11,486,429	12,406,637	-	-	11,486,429	12,406,637
Economic environment	3,807,287	3,556,658	-	-	3,807,287	3,556,658
Human services	508,592	1,753,902	-	-	508,592	1,753,902
Culture and recreation	4,580,589	4,761,424	-	-	4,580,589	4,761,424
Interest and fiscal charges	1,827,042	1,911,609	-	-	1,827,042	1,911,609
Water and sewer system	-	-	38,859,366	36,469,225	38,859,366	36,469,225
Solid waste management	-	-	9,507,986	9,198,135	9,507,986	9,198,135
Stormwater improvement	-	-	4,348,012	5,284,463	4,348,012	5,284,463
Halifax Harbor Marina	-	-	2,920,282	2,948,461	2,920,282	2,948,461
Cultural services	-	-	4,517,646	3,471,843	4,517,646	3,471,843
Municipal Golf Course	-	-	1,942,714	1,822,116	1,942,714	1,822,116
Florida Tennis Center	-	-	596,688	546,838	596,688	546,838
Municipal Stadium/Jackie Robinson Ballpark	-	-	350,857	364,654	350,857	364,654
Daytona Beach Pier	-	-	741,394	666,490	741,394	666,490
Total expenses	93,552,794	92,157,475	63,784,945	60,772,225	157,337,739	152,929,700
Excess (deficiency) before transfers	(8,120,204)	(16,927,048)	34,967,287	30,608,012	26,847,083	13,680,964
Net transfers - in (out)	17,673,153	17,179,468	(17,673,153)	(17,179,468)	-	-
Changes in net position	9,552,949	252,420	17,294,134	13,428,544	26,847,083	13,680,964
NET POSITION:						
Net position-beginning (**)	27,095,266	27,327,376	84,783,442	71,499,123	111,878,708	98,826,499
Net position-ending	\$ 36,648,215	\$ 27,579,796	\$ 102,077,576	\$ 84,927,667	\$ 138,725,791	\$ 112,507,463

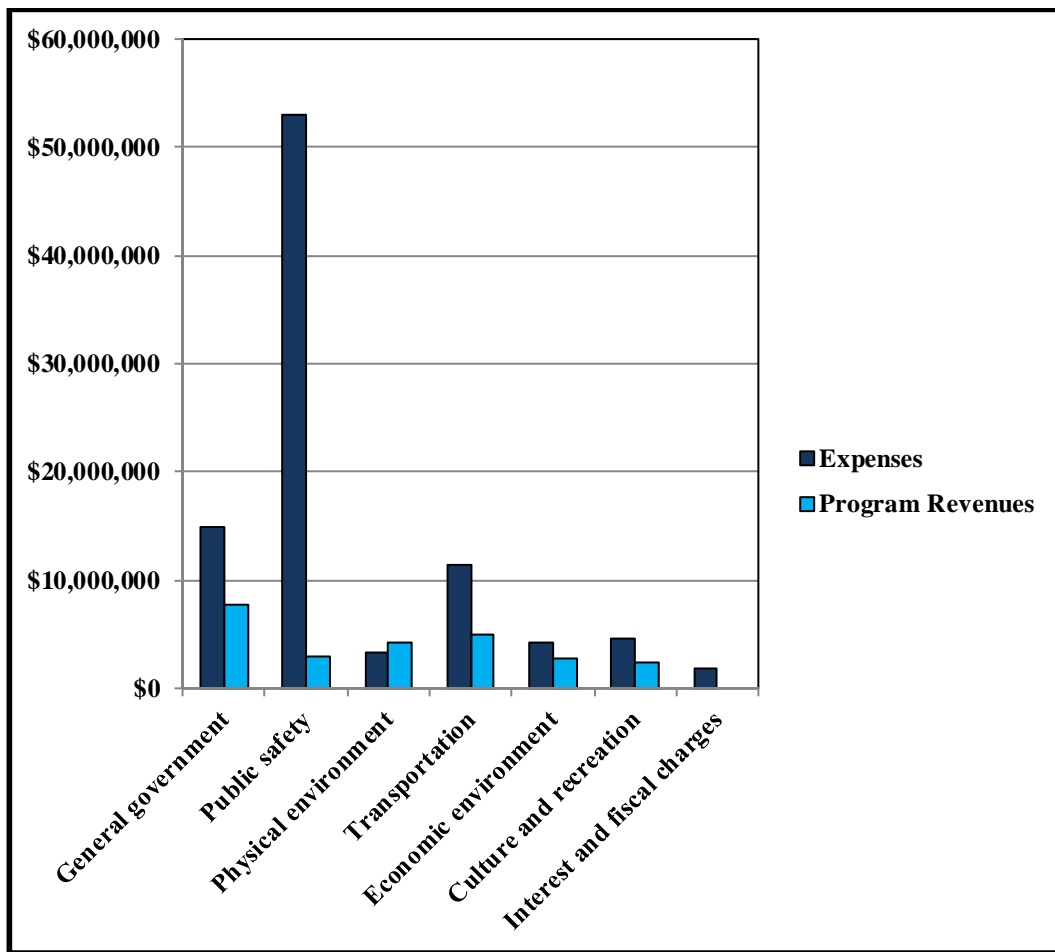
(*) Expenses for the fiscal year ended September 30, 2017 have not been restated for the implementation of GASB Statement No. 75.

(**) See Note 19 and Note 22 to the financial statements for an explanation of the charges to beginning net position.

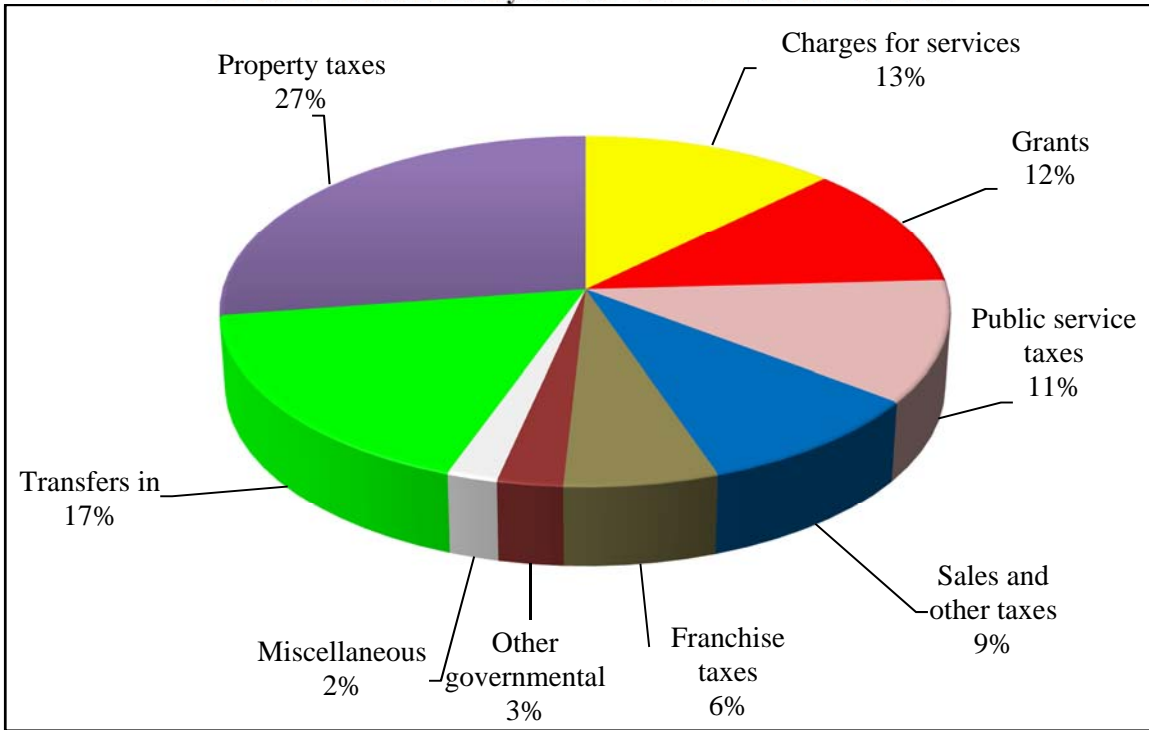
Governmental Activities:

Revenues for the governmental activities increased approximately \$10.2 million, or 13.6 percent from the prior fiscal year. Increases in charges for services (\$2.6 million), property tax revenue (\$1.3 million), and operating and capital grants and contributions (\$5.7 million) were the primary reasons for the increase in revenues. The cost of all governmental activities this fiscal year was \$93.6 million compared to \$92.2 million last fiscal year. The increase in general government expense (\$4.9 million) and public safety (\$1.3 million) was offset by decrease in physical environment (\$2.6 million), human services (\$1.2 million) and transportation operating expenses (\$0.9 million). The overall change in net position for governmental activities was an increase of \$9.6 million.

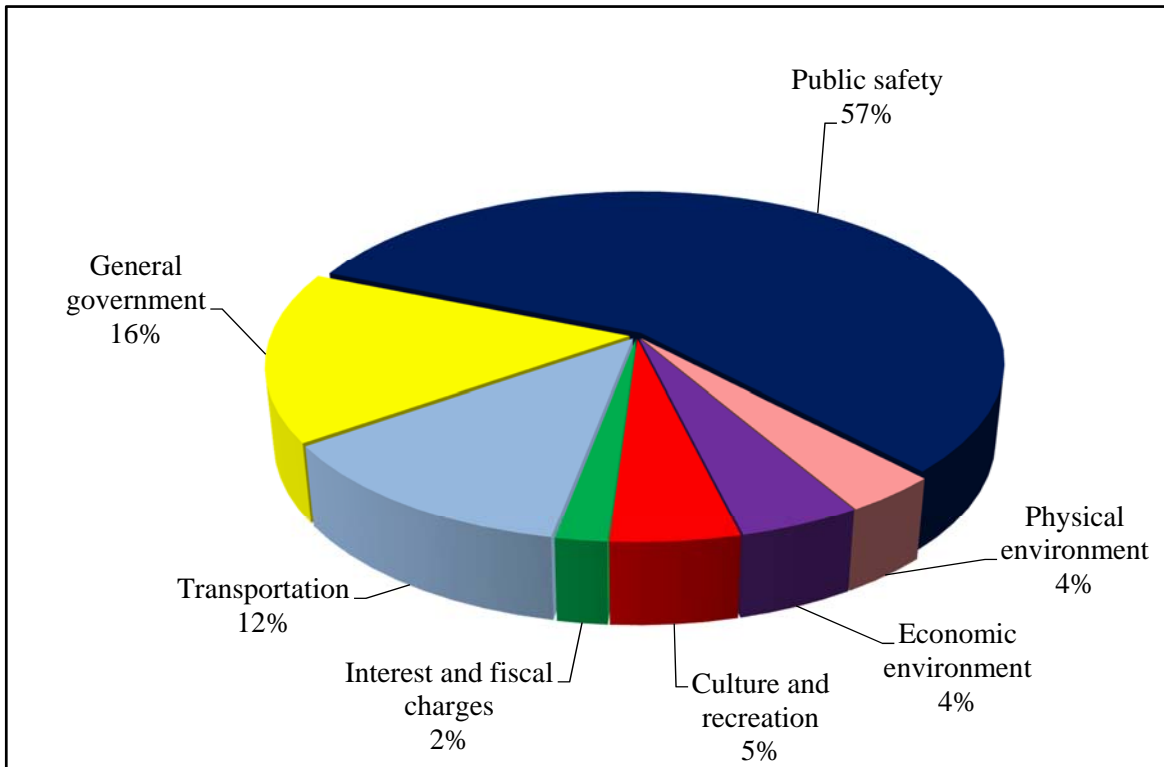
FY 2017-18 Expenses and Program Revenues - Governmental Activities



FY 2017-18 Revenues by Source – Governmental Activities



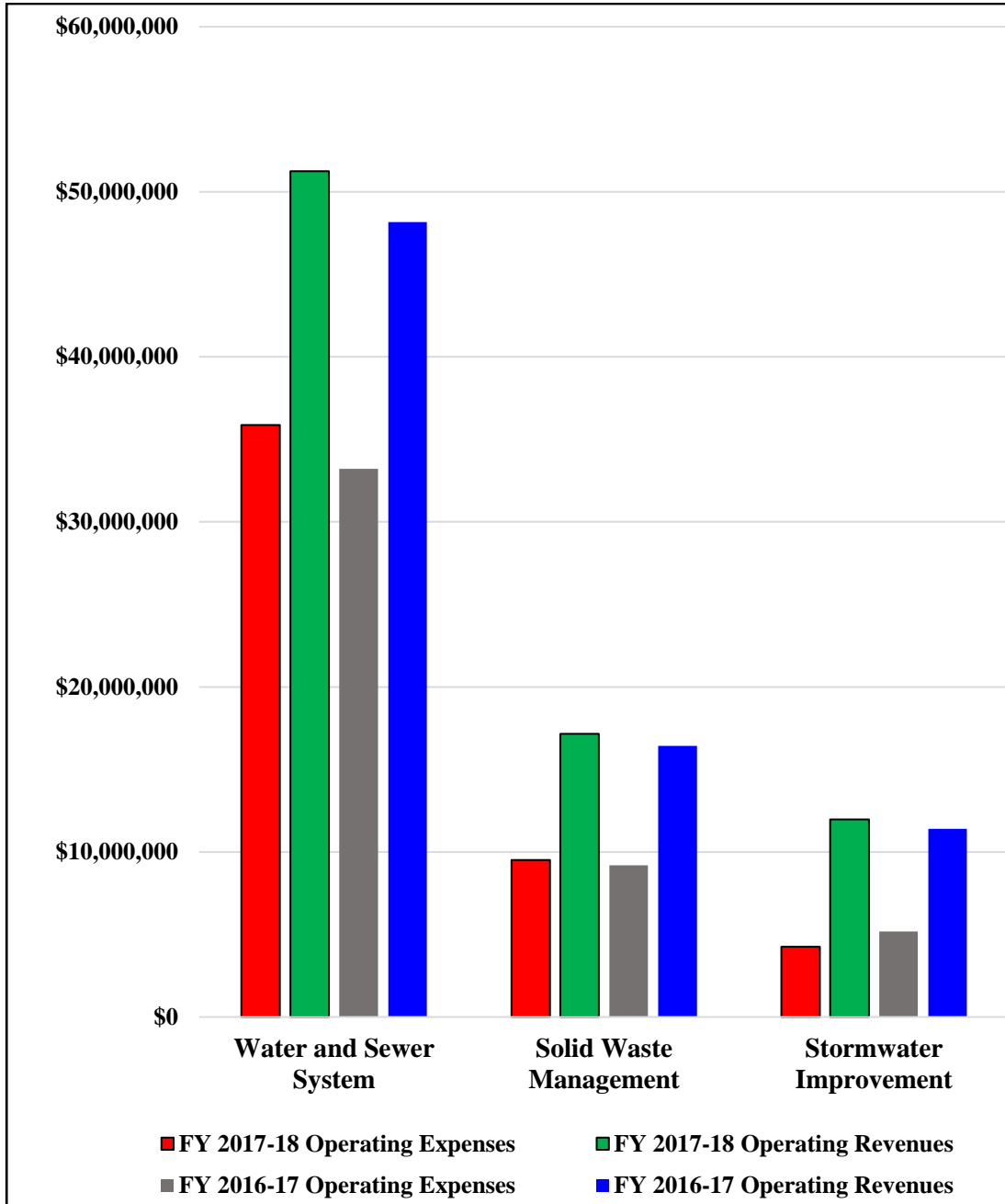
FY 2017-18 Expenses by Function – Governmental Activities



Business-Type Activities:

The results of the City’s business-type activities for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$102.1 million. The City’s utilities have acquired subsidized, low interest rate loans from the Florida Department of Environmental Protection and has aggressively sought capital grants to fund major construction initiatives. The total increase in net position was \$17.3 million, or 20.4 percent, compared to the prior fiscal year. The growth in net position, in large part, is attributable to collection of excess water, sewer, stormwater and solid waste rate revenues over operating expenditures. The utility intentionally planned small incremental rate increases linked to the CPI index to accommodate future increasing debt service payments that will become due in future fiscal years instead of a one-time significant rate adjustment in the year when the debt service is due.

FY 2017-18 Business-Type Activities – Major Funds – Operating Expenses and Operating Revenues



Water and Sewer System Fund operating revenues increased \$3.1 million or 6.4 percent from the prior fiscal year primarily due to the annual CPI adjustment and growth of consumption. Operating expenses increased \$2.6 million or 8.0 percent, from the prior fiscal year. The majority of the operating expense change is due to an increase in personal services and contractual services. An increase in contractual services is mostly associated with maintenance and repair at the Ralph Brennan water plant, ISB/ Clyde Morris water main emergency repair, and installation of reuse tanks located near the police department. The fund's net operating income increased by \$0.4 million for a total of \$15.4 million, a 3.0 percent increase from the prior fiscal year. The fund reported a change in net position of \$15 million primarily due to increased revenues as a result of usage increases, annual CPI adjustment, and increased grant contribution.

Solid Waste Management Fund operating revenues increased \$0.7 million, or 4.5 percent, from the prior fiscal year primarily due to the annual CPI adjustment. Operating expenses increased by \$0.3 million, or 3.4 percent. The majority of the change is due to increasing contractual services for solid waste collection with Waste Pro and for landfill tipping fee with Volusia County. The fund reported net operating income of \$7.6 million for fiscal year 2017-18, as compared to \$7.2 million in FY 2016-17, a 5.9 percent increase. Net position decreased by \$0.3 million mainly due to increased transfers out to the capital projects fund.

Stormwater Improvement Fund operating revenues increased \$0.6 million, or 5.0 percent, from the prior fiscal year to \$12.0 million. This increase was primarily due to the annual CPI rate change. Operating expenses decreased \$0.9 million or 17.9 percent. The majority of the change is due to decreased personnel services as a result of reorganization and creating a new Reuse division in FY 2017-18. Net operating income was \$7.7 million, an increase of \$1.5 million, or 24.1 percent, from the previous fiscal year. The change in net position of \$0.7 million was mostly due to the increased revenue from the annual CPI adjustment and decreased operating expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Commission.

As of September 30, 2018, governmental funds reported combined fund balances of \$50.8 million, which is an increase of \$5.1 million, or 11.2 percent, in comparison with the prior fiscal year. This increase is primarily due to lower than budgeted expenditures across all governmental funds as a result of cost reduction measures taken throughout the year. Approximately 30.3 percent of this total fund balance amount, \$15.4 million, constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is *non-spendable, restricted, committed or assigned* to indicate the following:

- non-spendable for inventories, prepaid items, and the long-term portion of notes receivable (\$0.4 million)
- legally required to be maintained intact for debt covenants (\$3.3 million)
- restricted by external grantors and outside agencies for particular purposes (\$23.1 million)
- assigned by the City for particular purposes (\$8.6 million)

The General Fund is the chief operating fund of the City. The general fund ended the year with a fund balance of \$24.2 million. Of this amount, \$0.4 million is considered nonspendable because it cannot be easily converted to cash or is contractually required to remain intact. The remaining spendable portions are either restricted for a particular purpose (\$0.3 million) or assigned to fund the FY 2018-19 budget (\$1.8 million) and capital projects (\$3.5 million). As of

September 30, 2018, the unassigned fund balance in the General Fund was \$18.3 million, which is an increase of \$2.4 million compared to FY 2016-17. This increase is due to lower than budgeted expenditures as a result of cost reduction measures taken throughout the year and the City Commission's efforts to increase "rainy day" funds (unassigned fund balance). 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 general fund expenditures. Unassigned fund balance represents approximately 25.4 percent of total FY 2017-18 General Fund expenditures (excluding transfers out, capital and other financing uses). Total fund balance represents approximately 33.7 percent of that same amount.

The Redevelopment Trust Fund is a special revenue fund that reports the activities of the five (5) tax increment redevelopment areas of the City. For fiscal year ended September 30, 2018, the Redevelopment Trust Fund reflected a decrease of \$0.5 million when revenues are compared to expenditures including transfers. Total revenues increased by \$0.1 million as a result of rising property values. Total expenditures increased by \$1.8 million, which is attributable to land acquisition and the East ISB Streetscape project. Ending fund balance at September 30, 2018 was \$5.6 million. More detailed financial information on the Redevelopment Trust Fund can be found on page 161 in the combining and individual fund statements and schedules section of this report.

The Capital Projects Fund reflected a total fund balance of \$3.9 million at the end of FY 2017-18 compared to \$4.6 million in the prior fiscal year. This is due to ongoing improvements of sidewalks and trails throughout the city and land acquisition for future development along East International Speedway Boulevard (ISB).

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other pertinent information concerning the finances of the enterprise funds have already been addressed in the discussion of business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the total City budget was amended after adoption by the City Commission and in accordance with the Fiscal Integrity Ordinance and Resolutions of the City Commission. The General Fund final expenditure budget, including transfers out, increased by approximately \$3.5 million, or 4.4 percent, from the originally adopted expenditure budget. The most significant amendments made to the budget were as follows:

- \$1,900,000 for the carryforward of unexpended project funds from FY 2016-17 to FY 2017-18.
- \$900,000 for State of Florida pass-through contributions to the police and fire pension fund.

Amendments to the General Fund were primarily to record the carryforward of available project funds from the previous fiscal year to the current fiscal year. City policy dictates that the budget is not reduced for planned transfers not made in the fiscal year.

Actual expenditures were \$4.7 million lower than final budgeted appropriations. All departments' expenditures exhibited positive variances compared to budgeted amounts. In addition, some capital projects were not completed by the end of the fiscal year and will be carried forward for completion in the following fiscal years.

Final budgeted revenues in the General Fund were \$0.3 million more than original budgeted revenues. An increase in Police and Firefighters' Premium Tax revenue of \$0.9 million was offset by a \$0.7 million decrease in miscellaneous revenue.

Overall, actual General Fund revenues were \$2.3 million more than final budgeted revenues. Some of the major increases include \$0.6 million in taxes, \$0.4 million in licenses and permits, \$0.3 million in charges for services, and \$0.3 million in intergovernmental revenues. A budgetary comparison statement can be found in the basic financial statements section on page 39.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets includes land, buildings, improvements and infrastructure, equipment, and construction in progress. At September 30, 2018, the City had investment in capital assets, net of depreciation, of \$249.0 million. This represents a net increase (consisting of additions, deletions, and depreciation) of \$10.7 million from the prior fiscal year. The following is a summary of the City's capital assets, net of depreciation, as of September 30, 2018 and 2017:

The City of Daytona Beach, Florida Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 26,855,062	\$ 25,683,435	\$ 7,926,554	\$ 7,926,554	\$ 34,781,616	\$ 33,609,989
Construction in progress	4,199,281	2,605,374	8,652,784	9,634,898	12,852,065	12,240,272
Buildings	36,422,919	36,250,624	12,736,366	12,428,835	49,159,285	48,679,459
Improvements and infrastructure	36,247,948	34,682,143	71,418,658	64,294,544	107,666,606	98,976,687
Equipment	10,097,015	9,937,089	34,436,106	34,807,711	44,533,121	44,744,800
Total	<u>\$ 113,822,225</u>	<u>\$ 109,158,665</u>	<u>\$ 135,170,468</u>	<u>\$ 129,092,542</u>	<u>\$ 248,992,693</u>	<u>\$ 238,251,207</u>

This fiscal year's major additions to capital assets, including projects completed during the year, are as follows:

- Halifax River force main - \$5,257,895
- Reuse storage tank and pump station - \$4,346,121
- Demonstration testing system – \$3,597,963
- International Speedway Blvd streetscape – Phase 2 – \$3,366,892
- Bandshell rehabilitation - Phase 2 - \$1,185,741
- Purchase of property at 730 E Int'l Speedway Blvd - \$1,075,273
- Purchase of property at 729 E Int'l Speedway Blvd - \$905,044
- Purchase of property at 300 S. Atlantic Ave - \$650,273
- ISB/Red John Road utility improvements - \$585,738
- Fire E-One Typhoon pumper truck- \$450,000
- 350 ton air cooled chiller - \$352,227
- 2018 Vac con sewer cleaner - \$344,305

Additional information regarding the City's capital assets can be found in Note 9 in the notes to the financial statements section of this report.

Debt Administration

At fiscal year end, the City had \$142.6 million in debt outstanding compared to \$145.0 million the previous fiscal year as shown in the table below.

The City of Daytona Beach, Florida Outstanding Debt (Net)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ 24,629,459	\$ 26,112,827	\$ 38,620,219	\$ 43,358,275	\$ 63,249,678	\$ 69,471,102
General obligation bonds	13,226,270	14,245,022			13,226,270	14,245,022
Notes payable	6,790,744	7,533,322	28,512,000	25,185,682	35,302,744	32,719,004
State Revolving Fund loans			28,499,863	26,426,080	28,499,863	26,426,080
Capital lease payable	2,309,013	2,163,364	-	-	2,309,013	2,163,364
Total	\$ 46,955,486	\$ 50,054,535	\$ 95,632,082	\$ 94,970,037	\$ 142,587,568	\$ 145,024,572

Governmental debt decreased \$3.1 million which is net of principal retirement of \$5.1 million and new debt issuance of \$2.0 million. Business-type debt increased \$0.7 million which is net of principal retirement of \$28.8 million and new debt issuance of \$29.5 million. Currently, the City has 100 percent fixed rate debt. Of the outstanding debt, approximately 9.3 percent is backed by the full faith and credit of the government and the balance is secured by various revenue sources. The City Commission adopted a Municipal Securities Disclosure Policy on November 19, 2014, and uses the services of a financial advisor for debt administration related to new debt issues. Additional information on the City's long-term debt can be found in Notes 10 and 11 in the notes to the financial statements section of this report.

During 2015, Standard & Poor's raised its rating on general obligation (GO) bonds to 'AA' from 'AA-' due to adequate economy, strong liquidity and budgetary performance. In 2015, Moody's Investors Service upgraded water and sewer refunding and improvement revenue bonds to A1 from A2. Rating rationale was based on strong debt service coverage, increased number of days cash on hand, and significant positive economic developments. In 2018, Standard and Poor's raised its rating on the capital improvement revenue bonds to 'AA' from 'AA-'. The bond ratings reports by Moody's and Standard & Poor's can be found on the City's web site, www.codb.us under the Finance Department, "Financial Information".

The City of Daytona Beach, Florida Bond Ratings

Revenue Bond Issue	Moody's	Standard & Poor's
General Obligation Refunding Bonds, Series 2012	Aa2	AA
Capital Improvement Revenue Bonds, Series 2011 A and B	Aa3	AA
Utility System Refunding and Improvement Revenue Bonds, Series 2012	A1	A

Fiscal Integrity Principles Ordinance

On June 2, 2004, the City Commission established the Fiscal Integrity Principles Ordinance (the “Ordinance”) to institute sound financial policies and procedures in assuring the optimal use of public funds. The Ordinance was amended in FY 2006-07, FY 2007-08, and FY 2011-12 and was used as a basis for the FY 2005-06 through FY 2018-19 budgets. Some of the more salient points of the Ordinance include: maintaining a General Fund unassigned fund balance at a minimum of 10 percent of next year’s budgeted expenditures (excluding transfers and other financing uses), limiting new personnel requests to an increase in services and new recurring revenue, limiting annual salary increases to increases in recurring revenues, funding the pension plan contributions as actuarially computed and in a manner that provides for a more level annual contribution, performing user fee rate studies when an operating loss has occurred for two (2) consecutive fiscal years and net position falls below 10 percent, preparing and updating a 5-year financial plan annually, and establishing a budget review committee to review and verify the assumptions and estimates underlying the annual budget and 5-year financial plan. Additionally, non-recurring revenues from the City’s fund balance account cannot be used to balance the annual budget for recurring expenditures.

The purpose of the FY 2011-12 amendment was to establish renewal and replacement funds for the Water and Sewer System and Stormwater Improvement funds for the purpose of maintaining infrastructure and the quality of services provided. Annually, the City will appropriate 8 percent of the preceding fiscal year's actual operating revenues for the specific fund. The amount of this renewal and replacement appropriation provides funds for system repairs and improvements equal to approximately 50 percent of the annual depreciation expense and shows the City’s commitment to maintaining its existing infrastructure.

The City is in compliance with the Ordinance by having an unrestricted fund balance in the General Fund of 24 percent of FY 2018-19 budgeted expenditures and by maintaining an 8 percent FY 2017-18 budget appropriation for renewal and replacement in the Water and Sewer Fund and the Stormwater Improvement Fund.

ECONOMIC FACTORS AFFECTING NEXT YEAR’S BUDGET AND RATES

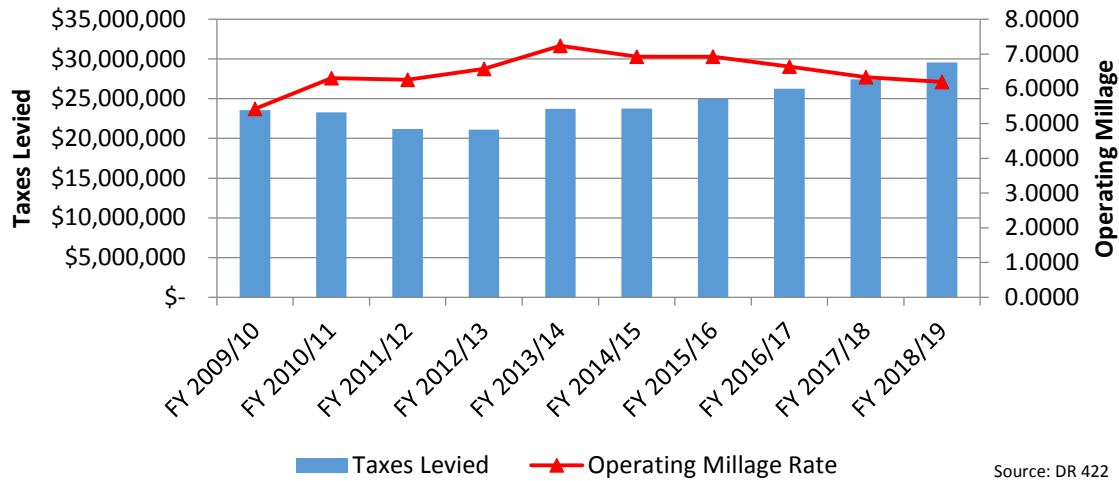
Many factors are considered each year by the City Commission in its efforts to establish an operating budget, evaluate its personnel needs, and develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, inflation rates and unemployment rates.

The most recent estimates available for unemployment data in the Deltona-Daytona Beach-Ormond Beach Area are compiled by the U.S. Bureau of Labor Statistics. This agency estimates a local area unemployment rate of 3.2% at the end of September 2018, which is a 22% decrease compared to the 4.1% unemployment rate experienced one year earlier. This change corresponds with the change in State of Florida rates as well, which dropped from 4.0% to 3.3% in the same period.

Market and taxable values have increased for the sixth straight year since 2012 by an overall growth of 54.9% and 48.6%, respectively. The single year growth has been 8.4% and 10.0%, respectively. The General Fund and Redevelopment Trust Fund have benefited from the growth in tax revenue due to the rising valuations. The adopted millage rate of \$6.3333 per \$1,000 of taxable value for the FY 2017-18 annual operating budget is a reduction from the FY 2016-17 millage rate of \$6.6367.

The following is a graphical presentation of the City’s total ad valorem taxable value of property and operating millage rates for the last ten (10) fiscal years.

City of Daytona Beach, Florida Comparison of Taxes Levied to Millage Rate



In addition to property taxes the City's other major revenue source is water utility revenue. An automatic annual rate adjustment tied to the CPI index is in effect in accordance with City ordinance and impacted the water, sewer, stormwater and solid waste rates for the FY 2018-19 budget.

Daytona Beach is experiencing several new major commercial developments which should result in long term increases to the property tax base. In the one year between FY 2017-18 and FY 2018-19, residential property taxable values increased by \$207.4 million, or 9.2 percent. Meanwhile, commercial and other property values also increased by \$164.4 million, or 10.4 percent.

The FY 2018-19 budget was developed to address the City Commission's priorities, which includes improvements for stormwater mitigation, addressing the homeless population of Daytona Beach, initiatives for proactive public safety, repaving of roads, evaluation of the utility system, funding for sidewalk and trail projects, and additional funds traffic calming devices. Additionally, the budget addresses some of the deferred maintenance to City assets which occurred during the nationwide economic financial downturn.

As Volusia County's commercial sector leader, Daytona Beach is experiencing a growing local economy, rising home values, record of new housing starts, commercial growth in the northwest section of our city, a record number of construction permits issued and low unemployment rates. Daytona Beach was recently recognized by U.S. News as one of the Top 125 best places to live in the country. The city is ranked at #99 Best Place to Live and #13 Best Place to Retire. Noting our community's outdoor recreational options being balanced with culture and other social activities, U.S. News states that Daytona Beach is "one of Florida's most well-rounded metro areas."

The rankings evaluated 125 metropolitan areas according to five metrics including job market, value, quality of life, desirability and net migration. Value refers to affordability, quality of life to resident satisfaction, desirability to whether people would want to live in the location and net migration to whether people are moving into and out of the city.

The City's infrastructure needs to be in place and available to coincide with the growth and private capital investments occurring within the City's boundaries. Management has continued to look for ways to streamline City functions to keep expenditures low and continues to pursue cost saving measures such as outsourcing. The City and its unions –the Coastal Florida Police Benevolent Association (CFPBA), the American Federation of State, County and Municipal Employees, Florida Council (AFSCME), the International Association of Firefighters Local 1162 (IAFF), and the Florida State

Fraternal Order of Police (FOP) executed two-year collective bargaining agreements, which began on October 1, 2017 and will expire on September 30, 2019. The City will begin negotiating successor agreements with its unions in May 2019. All union contracts will impact future budgets.

Despite the financial restraints put on all local governments to keep taxes and service fees as low as possible, the City continues with a long-term strategic focus on improving the quality of life for all citizens, encouraging a positive business environment and improving tourist gateway corridor appearances. It is anticipated that the City's spending requirements for FY 2018-19 will be met with current financial resources. The ongoing budgetary challenge will be that the increased revenue stream from property taxes assessed on new developments will not be realized until several years after major City expenditures have taken place.

FINANCIAL CONTACT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Chief Financial Officer, 301 South Ridgewood Avenue, P. O. Box 2451, Daytona Beach, Florida 32115-2451. Additional financial information can also be found on the City's web site: <http://www.codb.us>.

Basic Financial Statements



THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Equity in pooled cash, cash equivalents, and investments	\$ 59,755,327	\$ 38,530,768	\$ 98,286,095	\$ 1,028,884
Receivables (net):				
Accounts	2,859,914	10,436,929	13,296,843	-
Taxes	312,056	-	312,056	-
Notes	283,794	-	283,794	-
Accrued interest	179,884	-	179,884	-
Intergovernmental receivable	5,596,222	1,790,176	7,386,398	50
Internal balances	(1,639,468)	1,639,468	-	-
Inventory	359,110	881,659	1,240,769	-
Prepays	350,351	65,864	416,215	-
Other assets	1,150	36,000	37,150	-
Restricted assets:				
Equity in pooled cash, cash equivalents, and investments	3,879,174	31,351,665	35,230,839	-
Prepaid insurance costs - bonds	64,046	96,662	160,708	-
Capital assets:				
Land and construction in progress	31,054,343	16,579,338	47,633,681	-
Other capital assets, net of accumulated depreciation	82,767,882	118,591,130	201,359,012	-
Total assets	185,823,785	219,999,659	405,823,444	1,028,934
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amount on refunding	603,788	1,423,139	2,026,927	-
Deferred amount for pensions	13,680,538	3,625,722	17,306,260	-
Total deferred outflows of resources	14,284,326	5,048,861	19,333,187	-
LIABILITIES:				
Accounts payable and other liabilities	5,787,804	2,247,925	8,035,729	16,804
Escrows held	-	234,335	234,335	-
Contracts payable	-	187,419	187,419	-
Intergovernmental payable	61,093	49,615	110,708	-
Deposits	46,322	7,783,644	7,829,966	-
Unearned revenue	4,054,326	1,993,417	6,047,743	-
Payable from restricted assets:				
Accounts payable and other liabilities	-	3,134	3,134	-
Accrued interest	383,469	1,204,633	1,588,102	-
Due within one year:				
Bonds, loans, and notes payable	3,697,741	6,181,991	9,879,732	-
Insurance claims payable	1,927,000	-	1,927,000	-
Other liabilities	2,051,254	602,392	2,653,646	-
Due in more than one year:				
Bonds, loans, and notes payable	43,257,745	89,450,091	132,707,836	-
Net pension liability	82,868,558	9,585,111	92,453,669	-
Insurance claims payable	7,813,000	-	7,813,000	-
Other liabilities	8,425,576	2,461,215	10,886,791	-
Total liabilities	160,373,888	121,984,922	282,358,810	16,804
DEFERRED INFLOWS OF RESOURCES:				
Deferred amount for pensions	3,086,008	986,022	4,072,030	-
Total deferred inflows of resources	3,086,008	986,022	4,072,030	-
NET POSITION:				
Net investment in capital assets	91,978,293	40,503,469	132,481,762	-
Restricted for:				
Debt covenants	3,293,910	7,674,477	10,968,387	-
General government	10,942,565	-	10,942,565	-
Public safety	2,727,989	-	2,727,989	-
Transportation	1,285,972	-	1,285,972	-
Economic environment	6,365,210	-	6,365,210	-
Human services	-	-	-	890,216
Culture and recreation	1,788,794	45,614	1,834,408	-
Capital projects	6,824,919	26,274,451	33,099,370	-
Landfill	-	740,196	740,196	-
Unrestricted (deficit)	(88,559,437)	26,839,369	(61,720,068)	121,914
Total net position	\$ 36,648,215	\$ 102,077,576	\$ 138,725,791	\$ 1,012,130

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

FUNCTIONS/PROGRAMS:	EXPENSES	PROGRAM REVENUES			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business - type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 14,919,468	\$ 7,602,600	\$ -	\$ 53,220	\$ (7,263,648)	\$ -	\$ (7,263,648)	\$ -
Public safety	53,040,030	2,330,228	518,674	66,402	(50,124,726)	-	(50,124,726)	-
Physical environment	3,383,357	-	4,252,783	-	869,426	-	869,426	-
Transportation	11,486,429	629,049	1,009,531	3,291,257	(6,556,592)	-	(6,556,592)	-
Economic environment	3,807,287	1,021,559	1,169,405	-	(1,616,323)	-	(1,616,323)	-
Human services	508,592	-	-	642,889	134,297	-	134,297	-
Culture and recreation	4,580,589	1,458,389	368,185	468,571	(2,285,444)	-	(2,285,444)	-
Interest and fiscal charges	1,827,042	-	-	-	(1,827,042)	-	(1,827,042)	-
Total governmental activities	<u>93,552,794</u>	<u>13,041,825</u>	<u>7,318,578</u>	<u>4,522,339</u>	<u>(68,670,052)</u>	<u>-</u>	<u>(68,670,052)</u>	<u>-</u>
Business-Type Activities:								
Water and sewer system	38,859,366	51,015,207	-	7,277,089	-	19,432,930	19,432,930	-
Solid waste management	9,507,986	17,153,480	-	-	-	7,645,494	7,645,494	-
Stormwater improvement	4,348,012	11,972,680	-	-	-	7,624,668	7,624,668	-
Halifax Harbor	2,920,282	3,610,082	-	4,265	-	694,065	694,065	-
Cultural services	4,517,646	3,515,051	65,763	-	-	(936,832)	(936,832)	-
Municipal Golf Course	1,942,714	1,468,945	-	-	-	(473,769)	(473,769)	-
Florida Tennis Center	596,688	399,868	-	-	-	(196,820)	(196,820)	-
Municipal Stadium/Jackie Robinson Ballpark	350,857	255,439	-	-	-	(95,418)	(95,418)	-
Daytona Beach Pier	741,394	986,184	-	-	-	244,790	244,790	-
Total business-type activities	<u>63,784,945</u>	<u>90,376,936</u>	<u>65,763</u>	<u>7,281,354</u>	<u>-</u>	<u>33,939,108</u>	<u>33,939,108</u>	<u>-</u>
Total primary government	<u>\$ 157,337,739</u>	<u>\$ 103,418,761</u>	<u>\$ 7,384,341</u>	<u>\$ 11,803,693</u>	<u>(68,670,052)</u>	<u>33,939,108</u>	<u>(34,730,944)</u>	<u>-</u>
Component Unit:								
Downtown Development Authority	\$ 192,802	\$ -	\$ 45,341	\$ -	-	-	-	(147,461)
First Step Shelter, Inc.	67,421	-	470,275	-	-	-	-	402,854
Total component unit	<u>\$ 260,223</u>	<u>\$ -</u>	<u>\$ 515,616</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,393</u>
GENERAL REVENUES:								
Taxes:								
Property taxes, levied for general purposes					28,214,204	-	28,214,204	117,132
Local option gas taxes					1,952,241	-	1,952,241	-
Public service taxes					11,547,176	-	11,547,176	-
Sales taxes					3,759,786	-	3,759,786	-
Franchise taxes					6,301,472	-	6,301,472	-
Tax increment taxes					3,068,042	-	3,068,042	-
Other taxes					937,925	-	937,925	-
Intergovernmental revenues not restricted to specific programs					2,685,849	-	2,685,849	-
Income on investments					843,607	620,629	1,464,236	2,439
Miscellaneous					1,239,546	407,550	1,647,096	27,357
Transfers					17,673,153	(17,673,153)	-	-
Total general revenues and transfers					<u>78,223,001</u>	<u>(16,644,974)</u>	<u>61,578,027</u>	<u>146,928</u>
Change in net position					9,552,949	17,294,134	26,847,083	402,321
NET POSITION:								
Beginning of year, as previously reported					27,579,796	84,927,667	112,507,463	609,809
Restatement for implementation of GASB Statement No. 75 (Note 22)					(484,530)	(144,225)	(628,755)	-
Beginning of year, as restated					<u>27,095,266</u>	<u>84,783,442</u>	<u>111,878,708</u>	<u>609,809</u>
End of year					<u>\$ 36,648,215</u>	<u>\$ 102,077,576</u>	<u>\$ 138,725,791</u>	<u>\$ 1,012,130</u>

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	Redevelopment Trust	Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS:					
Equity in pooled cash, cash equivalents, and investments	\$ 18,156,757	\$ 5,418,565	\$ 3,812,236	\$ 19,156,956	\$ 46,544,514
Receivables (net):					
Accounts	2,669,950	63,964	-	126,000	2,859,914
Taxes	295,231	-	-	16,825	312,056
Notes	114,065	169,729	-	-	283,794
Accrued interest	179,884	-	-	-	179,884
Due from other funds	4,892,000	-	-	-	4,892,000
Intergovernmental receivable	2,204,439	-	-	3,391,783	5,596,222
Deposits	1,150	-	-	-	1,150
Inventory	254,243	-	-	-	254,243
Prepays	16,694	-	-	-	16,694
Restricted equity in pooled cash, cash equivalents, and investments	-	-	586,368	3,292,806	3,879,174
Total assets	\$ 28,784,413	\$ 5,652,258	\$ 4,398,604	\$ 25,984,370	\$ 64,819,645
LIABILITIES:					
Accounts payable and other liabilities	\$ 3,414,040	\$ 44,108	\$ 503,862	\$ 1,260,886	\$ 5,222,896
Due to other funds	-	-	-	4,660,000	4,660,000
Intergovernmental payable	52,069	1,249	-	2,254	55,572
Deposits	44,378	-	-	1,944	46,322
Unearned revenue	1,066,204	-	-	2,988,122	4,054,326
Total liabilities	4,576,691	45,357	503,862	8,913,206	14,039,116
FUND BALANCES:					
Non-Spendable:					
Notes receivable	114,065	-	-	-	114,065
Inventory	254,243	-	-	-	254,243
Prepays	16,694	-	-	-	16,694
Restricted:					
Debt covenants	-	-	-	3,293,910	3,293,910
General government	-	-	-	10,942,565	10,942,565
Public safety	67,560	-	-	2,660,429	2,727,989
Transportation	-	-	586,368	699,604	1,285,972
Economic environment	-	5,606,901	-	758,309	6,365,210
Culture and recreation	190,989	-	-	1,597,805	1,788,794
Assigned:					
Capital projects	3,516,545	-	3,308,374	-	6,824,919
Fiscal year 2019 Budget	1,758,131	-	-	-	1,758,131
Other projects	24,619	-	-	-	24,619
Unassigned	18,264,876	-	-	(2,881,458)	15,383,418
Total fund balances	24,207,722	5,606,901	3,894,742	17,071,164	50,780,529
Total liabilities and fund balances	\$ 28,784,413	\$ 5,652,258	\$ 4,398,604	\$ 25,984,370	\$ 64,819,645

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2018

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

Fund balance - governmental funds	\$ 50,780,529
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	113,101,529
Internal service funds are used by management to charge the costs of fleet maintenance, employment services, property maintenance, information systems, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(1,212,377)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(126,021,466)</u>
Net position - governmental activities	<u><u>\$ 36,648,215</u></u>

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	General	Redevelopment Trust	Capital Projects	Nonmajor Governmental	Total Governmental Funds
REVENUES:					
Taxes	\$ 41,360,357	\$ -	\$ -	\$ 2,270,127	\$ 43,630,484
Licenses and permits	6,340,606	9,959	-	3,941,073	10,291,638
Intergovernmental	7,553,602	3,113,383	11,309	10,425,708	21,104,002
Charges for services	3,688,838	11,960	-	-	3,700,798
Fines and forfeitures	490,257	-	-	29,153	519,410
Special assessments/impact fees	-	-	-	3,589,073	3,589,073
Income on investments	704,913	20,829	13,859	67,942	807,543
Miscellaneous	830,742	5,421	100,151	418,583	1,354,897
Total revenues	60,969,315	3,161,552	125,319	20,741,659	84,997,845
EXPENDITURES:					
Current operating:					
General government	6,184,728	108,866	364,927	2,321,367	8,979,888
Public safety	47,895,986	-	-	910,828	48,806,814
Physical environment	-	-	-	3,383,357	3,383,357
Transportation	9,798,837	269,027	248,483	483,502	10,799,849
Economic environment	1,436,284	1,032,916	-	1,221,543	3,690,743
Human services	508,592	-	-	-	508,592
Culture and recreation	4,268,647	-	131,792	103,280	4,503,719
Capital outlay	1,835,681	2,062,869	3,200,761	5,265,341	12,364,652
Debt service:					
Principal	-	-	-	3,539,121	3,539,121
Interest and fiscal charges	-	-	-	1,765,870	1,765,870
Payment to refunded note escrow agent	-	-	-	1,555,899	1,555,899
Refunding note issuance costs	-	-	-	12,101	12,101
Total expenditures	71,928,755	3,473,678	3,945,963	20,562,209	99,910,605
Excess (deficiency) of revenues over (under) expenditures	(10,959,440)	(312,126)	(3,820,644)	179,450	(14,912,760)
OTHER FINANCING					
SOURCES (USES):					
Capital leases issued	450,000	-	-	-	450,000
Refunding note proceeds	-	-	-	1,568,000	1,568,000
Proceeds from insurance recovery	345,460	-	-	-	345,460
Transfers in	16,198,040	2,759,018	3,154,225	3,884,713	25,995,996
Transfers (out)	(4,837,460)	(2,897,524)	-	(587,859)	(8,322,843)
Total other financing sources (uses)	12,156,040	(138,506)	3,154,225	4,864,854	20,036,613
Net change in fund balances	1,196,600	(450,632)	(666,419)	5,044,304	5,123,853
FUND BALANCES:					
Beginning	23,011,122	6,057,533	4,561,161	12,026,860	45,656,676
Ending	\$ 24,207,722	\$ 5,606,901	\$ 3,894,742	\$ 17,071,164	\$ 50,780,529

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

Net change in fund balance - total governmental funds	\$	5,123,853
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense in the current period.		5,633,770
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(1,018,716)
The issuance of long-term debt (i.e., bonds, notes, leases) 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 prepaid bond insurance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		3,077,021
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 the governmental funds.		(3,474,760)
Internal service funds are used by management to charge the costs of fleet maintenance, employment services, property maintenance, information systems, and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>211,781</u>
Change in net position - governmental activities	\$	<u><u>9,552,949</u></u>

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 39,861,135	\$ 40,764,589	\$ 41,360,357	\$ 595,768
Licenses and permits	5,947,288	5,947,288	6,340,606	393,318
Intergovernmental	7,300,759	7,300,759	7,553,602	252,843
Charges for services	3,395,306	3,434,804	3,688,838	254,034
Fines and forfeitures	270,132	313,513	490,257	176,744
Income on investments	428,230	428,230	704,913	276,683
Miscellaneous	1,153,628	450,203	830,742	380,539
Total revenues	58,356,478	58,639,386	60,969,315	2,329,929
EXPENDITURES:				
General government:				
City Manager	3,946,266	2,885,327	2,753,854	131,473
City Attorney	1,224,083	1,179,083	1,170,050	9,033
City Clerk	482,497	482,497	453,588	28,909
Finance	1,732,236	1,812,748	1,807,236	5,512
Public safety:				
Police	33,255,700	35,366,123	35,304,608	61,515
Fire	12,436,552	12,829,306	12,591,378	237,928
Transportation	10,286,216	9,977,002	9,798,837	178,165
Economic environment	1,491,448	1,500,934	1,436,284	64,650
Human services	860,000	510,086	508,592	1,494
Culture and recreation	4,957,928	4,724,148	4,268,647	455,501
Capital outlay	2,904,300	5,408,589	1,835,681	3,572,908
Total expenditures	73,577,226	76,675,843	71,928,755	4,747,088
Excess (deficiency) of revenues over (under) expenditures	(15,220,748)	(18,036,457)	(10,959,440)	7,077,017
OTHER FINANCING SOURCES (USES):				
Capital leases issued	450,000	450,000	450,000	-
Proceeds from insurance recovery	-	345,460	345,460	-
Transfers in	16,198,040	16,198,040	16,198,040	-
Transfers (out)	(5,012,798)	(5,397,898)	(4,837,460)	560,438
Total other financing sources (uses)	11,635,242	11,595,602	12,156,040	560,438
Net change in fund balance	(3,585,506)	(6,440,855)	1,196,600	7,637,455
FUND BALANCE:				
Beginning	23,011,122	23,011,122	23,011,122	-
Ending	<u>\$ 19,425,616</u>	<u>\$ 16,570,267</u>	<u>\$ 24,207,722</u>	<u>\$ 7,637,455</u>

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REDEVELOPMENT TRUST SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ 6,592	\$ 6,592	\$ 9,959	\$ 3,367
Intergovernmental	3,129,882	3,116,713	3,113,383	(3,330)
Charges for services	12,456	12,456	11,960	(496)
Income on investments	-	-	20,829	20,829
Miscellaneous	6,822	6,822	5,421	(1,401)
Total revenues	3,155,752	3,142,583	3,161,552	18,969
EXPENDITURES:				
Current operating:				
General government	110,956	172,480	108,866	63,614
Transportation	280,269	290,269	269,027	21,242
Economic environment	1,709,896	1,581,314	1,032,916	548,398
Grants & Aids	-	1,085,000	-	1,085,000
Capital outlay	922,524	5,656,276	2,062,869	3,593,407
Total expenditures	3,023,645	8,785,339	3,473,678	5,311,661
Excess (deficiency) of revenues over (under) expenditures	132,107	(5,642,756)	(312,126)	5,330,630
OTHER FINANCING SOURCES (USES):				
Transfers in	2,770,849	2,759,018	2,759,018	-
Transfers (out)	(2,902,956)	(2,905,266)	(2,897,524)	7,742
Total other financing sources (uses)	(132,107)	(146,248)	(138,506)	7,742
Net change in fund balance	-	(5,789,004)	(450,632)	5,338,372
FUND BALANCE:				
Beginning	6,057,533	6,057,533	6,057,533	-
Ending	\$ 6,057,533	\$ 268,529	\$ 5,606,901	\$ 5,338,372

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
ASSETS:						
Current assets:						
Equity in pooled cash, cash equivalents, and investments	\$ 23,596,116	\$ 5,946,981	\$ 5,140,246	\$ 3,847,425	\$ 38,530,768	\$ 13,210,813
Accounts receivable (net)	6,703,724	2,373,316	1,346,453	13,436	10,436,929	-
Intergovernmental receivable	1,790,176	-	-	-	1,790,176	-
Inventory	764,859	-	-	116,800	881,659	104,867
Prepays	5,000	-	-	60,864	65,864	333,657
Total current assets	32,859,875	8,320,297	6,486,699	4,038,525	51,705,396	13,649,337
Noncurrent assets:						
Restricted equity in pooled cash, cash equivalents, and investments	29,530,848	740,196	444,123	636,498	31,351,665	-
Prepaid insurance costs - bonds	95,217	-	1,256	189	96,662	-
Deposits	27,000	-	-	9,000	36,000	-
Advances to other funds	2,869,341	-	5,757,552	-	8,626,893	-
Capital assets:						
Non-depreciable	10,145,189	25,021	4,857,693	1,551,435	16,579,338	6,662
Depreciable (net)	94,839,817	82,726	18,329,298	5,339,289	118,591,130	714,034
Total noncurrent assets	137,507,412	847,943	29,389,922	7,536,411	175,281,688	720,696
Total assets	170,367,287	9,168,240	35,876,621	11,574,936	226,987,084	14,370,033
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred amount on refunding	1,307,391	-	13,049	102,699	1,423,139	-
Deferred amount for pensions	2,438,873	85,918	692,712	408,219	3,625,722	1,298,273
Total deferred outflows of resources	3,746,264	85,918	705,761	510,918	5,048,861	1,298,273
LIABILITIES:						
Current liabilities:						
Accounts payable and other liabilities	1,194,950	691,430	120,598	240,947	2,247,925	564,908
Escrows held	234,335	-	-	-	234,335	-
Contracts payable	160,380	-	27,039	-	187,419	-
Intergovernmental payable	11,565	234	2,041	35,775	49,615	5,521
Insurance claims payable	-	-	-	-	-	1,927,000
Due to other funds	-	-	-	232,000	232,000	-
Unearned revenues	-	-	1,074,262	919,155	1,993,417	-
Compensated absences	444,169	10,914	83,075	64,234	602,392	234,706
Bonds payable	2,460,000	-	-	47,411	2,507,411	-
Notes and loans payable	2,823,268	-	350,312	501,000	3,674,580	-
Payable from restricted assets:						
Accounts payable	3,134	-	-	-	3,134	-
Accrued interest	1,070,079	-	37,043	97,511	1,204,633	-
Total current liabilities	8,401,880	702,578	1,694,370	2,138,033	12,936,861	2,732,135
Noncurrent liabilities:						
Insurance claims payable	-	-	-	-	-	7,813,000
Deposits	7,714,665	-	-	68,979	7,783,644	-
Compensated absences	661,332	4,299	98,270	200,636	964,537	392,820
Other post-employment benefits	865,951	35,923	219,878	188,104	1,309,856	329,924
Net pension liability	6,343,762	306,404	1,910,149	1,024,796	9,585,111	3,393,553
Pollution remediation	-	22,166	-	-	22,166	-
Landfill closure and post-closure	-	164,656	-	-	164,656	-
Bonds payable	35,265,347	-	755,849	91,612	36,112,808	-
Notes and loans payable	45,574,505	-	1,680,778	6,082,000	53,337,283	-
Advances from other funds	-	-	-	8,626,893	8,626,893	-
Total noncurrent liabilities	96,425,562	533,448	4,664,924	16,283,020	117,906,954	11,929,297
Total liabilities	104,827,442	1,236,026	6,359,294	18,421,053	130,843,815	14,661,432
DEFERRED INFLOWS OF RESOURCES:						
Deferred amount for pensions	674,542	22,036	160,600	128,844	986,022	347,783
Total deferred inflows of resources	674,542	22,036	160,600	128,844	986,022	347,783
NET POSITION (DEFICIT):						
Net investment in capital assets (deficit)	19,709,776	107,747	20,414,357	271,589	40,503,469	720,696
Restricted for:						
Debt covenants	6,175,363	-	1,005,741	493,373	7,674,477	-
Capital projects	24,568,079	1,240,107	-	466,265	26,274,451	-
Landfill	-	740,196	-	-	740,196	-
Donations	-	-	-	45,614	45,614	-
Unrestricted (deficit)	18,158,349	5,908,046	8,642,390	(7,740,884)	24,967,901	(61,605)
Total net position (deficit)	\$ 68,611,567	\$ 7,996,096	\$ 30,062,488	\$ (6,464,043)	\$ 100,206,108	\$ 659,091
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					1,871,468	
Net position of business-type activities					\$ 102,077,576	

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds				Totals	Governmental Activities
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise		Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 51,015,207	\$ 17,153,480	\$ 11,972,680	\$ 10,235,569	\$ 90,376,936	\$ 15,759,534
Other receipts	241,976	-	546	85,779	328,301	86,986
Total operating revenues	<u>51,257,183</u>	<u>17,153,480</u>	<u>11,973,226</u>	<u>10,321,348</u>	<u>90,705,237</u>	<u>15,846,520</u>
OPERATING EXPENSES:						
Personnel services	10,498,020	264,522	1,829,617	1,841,266	14,433,425	4,772,466
Contractual services	13,920,736	9,209,855	1,198,280	7,335,204	31,664,075	9,036,796
Materials and supplies	4,046,441	20,063	126,344	1,117,928	5,310,776	1,633,772
Depreciation	7,407,420	13,546	1,098,185	507,802	9,026,953	135,409
Total operating expenses	<u>35,872,617</u>	<u>9,507,986</u>	<u>4,252,426</u>	<u>10,802,200</u>	<u>60,435,229</u>	<u>15,578,443</u>
Operating income (loss)	<u>15,384,566</u>	<u>7,645,494</u>	<u>7,720,800</u>	<u>(480,852)</u>	<u>30,270,008</u>	<u>268,077</u>
NONOPERATING REVENUE (EXPENSE):						
Operating grants and contributions	-	-	-	65,763	65,763	-
Income on investments	561,579	19,960	26,618	12,472	620,629	36,064
Interest expense	(2,986,749)	-	(95,586)	(267,381)	(3,349,716)	-
Gain (loss) on disposal of capital assets	(21,976)	(18)	(3,869)	-	(25,863)	(40,468)
Total nonoperating revenue (expense)	<u>(2,447,146)</u>	<u>19,942</u>	<u>(72,837)</u>	<u>(189,146)</u>	<u>(2,689,187)</u>	<u>(4,404)</u>
Income (loss) before capital grants, contributions and transfers	12,937,420	7,665,436	7,647,963	(669,998)	27,580,821	263,673
Capital grants and contributions	7,277,089	-	-	4,265	7,281,354	53,220
Transfers in	-	-	70,260	2,553,326	2,623,586	-
Transfers (out)	(5,169,724)	(7,933,864)	(6,984,634)	(208,517)	(20,296,739)	-
Change in net position	15,044,785	(268,428)	733,589	1,679,076	17,189,022	316,893
NET POSITION (DEFICIT):						
Beginning, restated	53,566,782	8,264,524	29,328,899	(8,143,119)	83,017,086	342,198
Ending	<u>\$ 68,611,567</u>	<u>\$ 7,996,096</u>	<u>\$ 30,062,488</u>	<u>\$ (6,464,043)</u>	<u>\$ 100,206,108</u>	<u>\$ 659,091</u>
Change in net position from above					\$ 17,189,022	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					105,112	
Change in net position of business-type activities					<u>\$ 17,294,134</u>	

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 51,725,698	\$ 17,736,647	\$ 12,139,512	\$ 10,782,758	\$ 92,384,615	\$ -
Receipts from other funds for interfund services provided	-	-	-	-	-	15,759,534
Other receipts	241,976	-	547	85,779	328,302	86,986
Payments to suppliers	(12,979,948)	(7,556,055)	(15,377)	(9,032,944)	(29,584,324)	(9,938,532)
Payments to employees	(9,922,884)	(273,793)	(1,832,583)	(1,733,544)	(13,762,804)	(4,526,510)
Payment to other funds for services provided	(5,840,811)	(1,984,961)	(1,260,312)	-	(9,086,084)	-
Net cash provided by operating activities	<u>23,224,031</u>	<u>7,921,838</u>	<u>9,031,787</u>	<u>102,049</u>	<u>40,279,705</u>	<u>1,381,478</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants and contributions	-	-	-	70,028	70,028	-
Transfers from other funds	-	-	70,260	2,553,326	2,623,586	-
Transfers (to) other funds	(5,169,724)	(7,933,864)	(6,984,634)	(208,517)	(20,296,739)	-
Repayment of advances to other funds	264,584	-	135,298	(399,882)	-	-
Net cash provided by (used for) noncapital financing activities	<u>(4,905,140)</u>	<u>(7,933,864)</u>	<u>(6,779,076)</u>	<u>2,014,955</u>	<u>(17,603,125)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of capital assets	(21,976)	(18)	(3,869)	-	(25,863)	(40,468)
Acquisition and construction of capital assets	(14,109,975)	(20,482)	(970,159)	(4,265)	(15,104,881)	(183,914)
Proceeds from debt	7,513,948	-	-	47,900	7,561,848	-
Principal payments on bonds, loans, and notes	(5,623,120)	-	(340,045)	(488,488)	(6,451,653)	-
Interest payments on bonds, loans, and notes	(3,555,161)	-	(103,715)	(359,473)	(4,018,349)	-
Capital grants and contributions for purchase of capital assets	7,277,089	-	-	-	7,277,089	53,220
Net cash used for capital and related financing activities	<u>(8,519,195)</u>	<u>(20,500)</u>	<u>(1,417,788)</u>	<u>(804,326)</u>	<u>(10,761,809)</u>	<u>(171,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	561,579	19,960	26,618	12,473	620,630	36,062
Net cash provided by investing activities	<u>561,579</u>	<u>19,960</u>	<u>26,618</u>	<u>12,473</u>	<u>620,630</u>	<u>36,062</u>
Net increase (decrease) in cash, cash equivalents, and investments	10,361,275	(12,566)	861,541	1,325,151	12,535,401	1,246,378
EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:						
Beginning	42,765,689	6,699,743	4,722,828	3,158,772	57,347,032	11,964,435
Ending	<u>\$ 53,126,964</u>	<u>\$ 6,687,177</u>	<u>\$ 5,584,369</u>	<u>\$ 4,483,923</u>	<u>\$ 69,882,433</u>	<u>\$ 13,210,813</u>
Classified as:						
Unrestricted	\$ 23,596,116	\$ 5,946,981	\$ 5,140,246	\$ 3,847,425	\$ 38,530,768	\$ 13,210,813
Restricted	29,530,848	740,196	444,123	636,498	31,351,665	-
Total	<u>\$ 53,126,964</u>	<u>\$ 6,687,177</u>	<u>\$ 5,584,369</u>	<u>\$ 4,483,923</u>	<u>\$ 69,882,433</u>	<u>\$ 13,210,813</u>

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(continued)

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income	\$ 15,384,566	\$ 7,645,494	\$ 7,720,800	\$ (480,852)	\$ 30,270,008	\$ 268,077
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	7,407,420	13,546	1,098,185	507,802	9,026,953	135,409
(Increase) decrease in:						
Accounts receivable (net)	(364,948)	583,167	(1,376)	41,655	258,498	-
Intergovernmental receivable	504,038	-	-	-	504,038	-
Inventory	12,987	-	-	12,645	25,632	18,861
Prepays	(5,000)	-	-	63,077	58,077	3,602
Deposits	(10,000)	-	-	-	(10,000)	-
Deferred amount for pensions	161,508	4,687	30,408	32,152	228,755	79,835
Increase (decrease) in:						
Accounts payable and other liabilities	(642,507)	(201,207)	22,326	(34,764)	(856,152)	(64,861)
Contracts payable	(446,323)	-	24,039	-	(422,284)	-
Intergovernmental payable	2,926	(44)	(430)	1,720	4,172	(566)
Insurance claims payable	-	-	-	-	-	775,000
Due to other funds	-	-	3,000	(633,000)	(630,000)	-
Unearned revenues	-	-	168,209	505,534	673,743	-
Deposits	571,401	-	-	10,509	581,910	-
Escrows held	234,335	-	-	-	234,335	-
Pollution remediation obligation	-	(66,408)	-	-	(66,408)	-
Landfill closure and post-closure	-	(43,439)	-	-	(43,439)	-
Compensated absences	81,378	(22,946)	(95,437)	16,676	(20,329)	7,833
Other post-employment benefits	59,468	1,073	10,705	4,593	75,839	22,960
Net pension liability	(37,176)	(1,079)	(6,999)	(7,400)	(52,654)	(18,419)
Deferred amount for pensions	309,958	8,994	58,357	61,702	439,011	153,747
Total adjustments	7,839,465	276,344	1,310,987	582,901	10,009,697	1,113,401
Net cash provided by operating activities	\$ 23,224,031	\$ 7,921,838	\$ 9,031,787	\$ 102,049	\$ 40,279,705	\$ 1,381,478

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

	Police and Fire Pension Trust Fund	Police Asset Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 3,887,242	\$ 294,589
Investments, at fair value:		
Equities - stocks	152,790,915	-
Fixed income - bonds and notes	27,381,429	-
Receivables:		
Contributions	162,161	-
Intergovernmental	937,925	-
Accrued interest and dividends	52,316	-
Total assets	185,211,988	\$ 294,589
LIABILITIES:		
Accounts payable and other liabilities	321,241	294,589
Total liabilities	321,241	\$ 294,589
NET POSITION RESTRICTED FOR PENSIONS:		
Assets held in trust for pension benefits	\$ 184,890,747	

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Police and Fire Pension Trust Fund
ADDITIONS:	
Contributions:	
Employer	\$ 7,794,395
Employee	1,677,177
Employer from state	937,924
Total contributions	10,409,496
Investment income:	
Net appreciation in fair value of plan investments	11,757,498
Interest and dividends	2,776,047
Class action settlement	2,170
Total investment income	14,535,715
Less: Investment expense	(841,571)
Net investment income	13,694,144
Total additions	24,103,640
DEDUCTIONS:	
Benefit payments	14,924,157
Refunds on member contributions	129,410
Administrative expenses	363,058
Total deductions	15,416,625
Change in net position	8,687,015
NET POSITION - beginning	176,203,732
NET POSITION - ending	\$ 184,890,747

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements



THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

<u>NOTE</u>	<u>INDEX</u>	<u>PAGE</u>
1. Summary of Significant Accounting Policies		48
2. Reconciliation of Government-Wide and Fund Financial Statements		62
3. Deficit Net Position, Stewardship, Compliance and Accountability		65
4. Deposits and Investments		66
5. Receivables		69
6. Notes Receivable		70
7. Operating Leases – Lessor		70
8. Interfund Balances and Transfers		72
9. Capital Assets		74
10. Leases Payable		76
11. Long-Term Debt and Liabilities		78
12. Discount, Premium, Prepaid Bond Insurance Costs and Deferred Amount on Refunding		89
13. Self-Insurance Program		89
14. Solid Waste Closure and Post-Closure Care		91
15. Pollution Remediation		91
16. Commitments and Contingencies		91
17. Tax Abatements		92
18. Retirement Plans		92
19. Other Post-Employment Benefits (OPEB)		104
20. Union Agreements		107
21. Segment Information		108
22. Restatement of Net Position, Beginning of Year		110
23. Subsequent Events		111
24. Future Accounting Pronouncements		112

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The City of Daytona Beach, Florida (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies of the City:

A. Reporting Entity:

The City is a municipal corporation created pursuant to the laws of Florida, Chapter 67-1274, governed by an elected seven (7) member board composed of a Mayor and six (6) district Commissioners. The accompanying financial statements present The City of Daytona Beach (the primary government) and its component units, entities for which the City is considered to be financially accountable. A blended component unit, is in substance, part of the primary government’s operations, even though it is a legally separate entity. Thus the blended component unit is appropriately presented as a fund of the primary government. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units have a September 30 year-end.

Blended Component Unit – The Daytona Beach Community Redevelopment Agency (CRA)

The Daytona Beach Community Redevelopment Agency (CRA) was created pursuant to Chapter 163, Part III, Florida Statutes, and Ordinance 82-255 in August 1982. Although legally separate, the CRA is a blended component unit of the City and is reported as if it were part of the City, as a special revenue fund. The CRA is governed by a board of directors which is comprised of the City Commission; the CRA’s Chairman is the City’s Mayor. The purpose of the CRA is to eliminate and prevent blight within the designated Community Redevelopment Areas of the City. These services provided by the CRA almost entirely benefit the City. Bond issuance authorization is approved by the City Commission. The CRA’s resources are pledged to repay its associated debt; and, if those resources are insufficient, then the City has obligated its non-ad valorem revenues in any amount necessary to make such debt repayment. The CRA does not issue separate financial statements. As required by Section 163.387(8), Florida Statutes, additional financial information is included on page 161 in the Combining and Individual Fund Statements and Schedules section of this report.

Blended Component Unit – City of Daytona Beach Police Officers’ and Firefighters’ Retirement System

The City of Daytona Beach Police Officers’ and Firefighters’ Retirement System (the “Police and Fire Pension”) was established in 1959 under Subpart C and Subpart D of the City’s Code of Ordinances. The City Commission only appoints two of the five members of the governing board, but the City is financially responsible for funding the police officers’ and firefighters’ pension benefits. The Police and Fire Pension Trust Fund only exists to provide benefits to the City police officers and firefighters. It is accounted for in the Police and Fire Pension Trust fund. The Police and Fire Pension Board of Trustees issues separate financial statements on the Fund which may be obtained by writing to the City of Daytona Beach Police and Fire Pension Board, PO Box 2451, Daytona Beach, FL 32115-2451.

Discretely Presented Component Unit – The Downtown Development Authority (DDA)

The Downtown Development Authority (DDA) (created pursuant to Section 163.01, Florida Statutes) is governed by a five (5) member board appointed by the City Commission. The purpose of the DDA is to finance and promote redevelopment of the City’s designated downtown redevelopment area. While the City does appoint the DDA board members and does receive some financial benefit/burden from the DDA, the DDA is discretely presented since the City cannot impose its will on the DDA and the DDA does not provide service entirely to the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (continued):

Discretely Presented Component Unit – The Downtown Development Authority (DDA) (continued)

City. The DDA has established a one mill tax rate cap on property within its downtown district, which is adopted by the DDA Board. The DDA does not and is not anticipated to have any outstanding debt. Additional financial information may be obtained by writing to The City of Daytona Beach, Finance Department, P.O. Box 2451, Daytona Beach, Florida 32115-2451.

Discretely Presented Component Unit – First Step Shelter, Inc.

The First Step Shelter, Inc. is governed by a board of directors consisting of three (3) to seven (7) voting members. Board members are appointed and removed by the City Commission via resolution. First Step Shelter, Inc. is a not-for-profit Florida corporation and is organized exclusively for charitable purposes as defined by 501(c)(3) of the Internal Revenue Code. The purpose of First Step Shelter, Inc. is to develop, manage, and operate the First Step Shelter Program, a homeless assistance service program located in Volusia County, Florida. The program will include a homeless shelter located within the City of Daytona Beach municipal boundaries, to be constructed at 3889 West International Speedway Boulevard. The First Step Shelter, Inc. is discretely presented since the First Step Shelter, Inc.'s governing body is not substantively the same as the City's governing body, and does not provide services almost entirely to the City, and its debt, if any, is not expected to be repaid almost entirely with the City's resources. The First Step Shelter, Inc is considered a discrete component unit of the City since all board members of The First Step Shelter, Inc are appointed by the City. This condition represents the City's ability to *impose its will* on the organization. Separate financial statements for the First Step Shelter, Inc. may be obtained by writing to Joseph A. Forte, Treasurer, 1065 Ridgewood Avenue, Holly Hill, FL 32117.

Related Organization – The Daytona Beach Housing Authority

The City Commission is responsible for appointing the members of the board for the Daytona Beach Housing Authority. The City's accountability for this organization does not extend beyond making the appointments. The board members do not serve at the discretion of the City Commission and can only be removed for just cause. The City cannot impose its will on the Daytona Beach Housing Authority and does not derive any financial benefit/burden from the relationship. Financial information related to the Daytona Beach Housing Authority is not included in these financial statements.

Jointly Governed Organization – Eastern Volusia Regional Water Authority

The City, in conjunction with the County of Volusia and two (2) other cities in Volusia County have created the Eastern Volusia Regional Water Authority (EVRWA), whose purpose is to protect the area's future water supply. The EVRWA is composed of one (1) member from the governing board of each of the municipalities and the County. During FY 2017-18, the City did not make a contribution to the EVRWA. Financial information related to the EVRWA is not included in these financial statements.

B. Description of Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Government-Wide Financial Statements (continued):

from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements:

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As discussed earlier, the City has two discretely presented component units. While they are not considered to be major component units, they are nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and indirect cost allocations where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements:

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – the primary operating fund that accounts for all financial resources of the general government except those accounted for in another fund.

Redevelopment Trust Fund – a special revenue fund that accounts for financial resources related to economic development. These funds include proceeds from the City's redevelopment tax increment financing districts which are legally restricted and expended for these specific purposes.

Capital Projects Fund – accounts for acquisition or construction of major capital facilities.

The City reports the following major enterprise funds:

Water and Sewer System Fund – accounts for activities of one (1) water treatment plant and distribution system and two (2) sewage treatment plants, re-use system, sewage pumping stations and collection system.

Solid Waste Management Fund – accounts for activities of solid waste collection and disposal.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements (continued):

Stormwater Improvement Fund – accounts for operations of and capital improvements to the stormwater system.

Additionally, the City reports the following fund types:

Internal Service Funds – account for activities of fleet maintenance, employment services, property maintenance, information technology, and consolidated insurance services provided to other City departments on a cost-reimbursement basis.

Pension Trust Fund – accounts for activities of the Police and Fire Pension, which accumulates financial resources to pay pension benefits to qualified police officers and firefighters. All resources of the fund, including any earnings on invested resources, are used to pay the participants over a stated period of time.

Agency Fund – accounts for assets seized by law enforcement officials during criminal investigations. These funds are held until adjudication occurs at which time the funds are either returned to the defendant or forfeited to the Law Enforcement Trust Fund.

Component Unit Funds – account for activities of the Downtown Development Authority and First Step Shelter, Inc.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (continued):

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues (except entitlements) to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources in governmental funds.

Property taxes, franchise fees, utility taxes, licenses, permits, 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.

Entitlements (grants) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 120 days of fiscal year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of the fiscal year end). All other entitlements are considered to be measurable and available only when cash is received by the government.

Preparation of the basic financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

F. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the Capital Projects Fund, the Grants Special Revenue Fund and the Emergency Management Grants Fund, which adopt project-length and grant period budgets, respectively. The Police and Fire Pension Trust Fund budget is approved by the Police and Fire Pension Board, and therefore, is not legally adopted by the City Commission. The City does not budget for depreciation expense or amortization of debt related costs.

Prior to October 1, the budget is legally enacted through passage of a resolution. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the fiscal year up to the amount of available revenues. The City Manager is authorized to transfer part or all of an unencumbered appropriation balance from one department to another within a fund. Additionally, upon written request by the City Manager, the City Commission may, by resolution, transfer part or all of any unencumbered appropriation balance from

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (continued):

one fund to another. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Every appropriation, with the exception of capital expenditures and grant commitments, lapses at fiscal year-end even if they have related encumbrances. An appropriation for a capital expenditure shall continue in force until the purpose for which it has been made has been accomplished or abandoned. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at fiscal year-end, with the exception of capital expenditures and grant commitments, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next fiscal year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three (3) months or less from the date of acquisition. Investments are reported at fair value, with the exception of external investments which comply with criteria set forth in Section In5: *Investment Pools (External)* of the GASB Codification and have elected to measure their investments at amortized cost. All Police and Fire Pension Trust Fund investments are stated at fair value.

2. Receivables and Payables

a. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans.) In the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

b. Unbilled Service Receivables

An amount for unbilled revenue is recorded in the General Fund, Water and Sewer System Fund, Solid Waste Management Fund, and Stormwater Improvement Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

c. Allowance for Doubtful Accounts

Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued):

2. Receivables and Payables (continued)

d. Unearned Revenue

Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

3. Inventories and Prepaid Items

Inventory for the Halifax Harbor Fund and Fleet Maintenance Fund are valued at cost using the first-in/first-out method. The Water and Sewer System Fund, Municipal Golf Course Fund, and Florida Tennis Center Fund inventories are valued using the weighted average cost method. The costs of all inventories are recorded as expenditures or expenses when consumed rather than when purchased with the exception of Traffic Engineering inventory, which is recorded as an expenditure in the General Fund at the time of purchase with an annual adjustment to record the inventory balance at year end.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Costs are recorded as expenditures or expenses when consumed rather than when purchased.

4. Restricted Assets for Debt Covenants

Certain debt proceeds, as well as certain resources set aside for their repayments, are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. Restricted funds are comprised of the following:

Sinking Funds – used to segregate resources accumulated for debt service payments.

Reserve Funds – used to report debt proceeds designated to pay debt service if pledged revenues are insufficient to satisfy debt service requirements.

Construction Funds – used to report proceeds from debt issuances that are restricted for use in construction for which the debt was issued.

Renewal and Replacement Funds – used to report resources set aside, per bond covenants, to meet unexpected repairs or fund future asset renewal and replacement.

5. Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure (e.g. roads, drainage improvements, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two (2) years. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has been reported at estimated historical cost. As the City constructs or acquires additional capital assets, including

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued):

5. Capital Assets (continued)

infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. As of September 30, 2018, the City had capitalized interest of \$850,159.

Land and construction in progress are not depreciated. Buildings, improvements, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Class</u>	<u>Lives in Years</u>
Buildings	10-50
Improvements.....	10-50
Infrastructure.....	15-50
Equipment	2-30

6. Long-Term Obligations

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

For refunding of debt reported in the government-wide and proprietary fund financial statements, the difference between the reacquisition price and the net carrying amount of the old debt will be deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the statement of net position, the deferred amount is reported as deferred outflows/inflows of resources. Bond issuance costs (excluding prepaid insurance) are reported as an expense in the period.

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

7. Compensated Absences

It is the City’s policy to grant employees personal leave, based upon the number of years of employment with the City. Personal leave may be accrued up to the maximum of 264 hours annually and used as time off each fiscal year. Any employee retiring or leaving the City is entitled to be paid for accrued unused

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued):

7. Compensated Absences (continued)

personal leave benefits to their credit at the rate of one (1) hour's pay for every two (2) hours accrued during the first five (5) years or less of employment and one (1) hour's pay for every one (1) hour accrued after five (5) years of employment at the employee's then current rate of pay up to the maximum carryover of 960 hours. Compensated absences are reported in the government-wide and proprietary fund financial statements. A liability is recorded in governmental funds only if an employee has left City employment and the funds are to be paid in the next fiscal year. The liability for compensated absences includes salary-related benefits, where applicable.

8. Other Post-Employment Benefits (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City also provides an explicit subsidy for a portion of the premium charged for dependent coverage. These benefits are provided in accordance with the vesting and retirement requirements for its employees. The City is financing the post-employee benefits on a pay-as-you-go basis. As determined by an actuarial valuation, a total OPEB liability related to the implicit and explicit subsidies is recorded in the proprietary fund and government-wide financial statements in accordance with GASB Codification P52: *Other Postemployment Benefits Other than Pensions*.

Effective October 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. See Notes 19 and 22.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide and proprietary funds statements of net 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 position that applies to future periods and will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The City has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred amount on refunding* and the *deferred amount for pensions*, both reported in the government-wide and proprietary funds statements of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued):

9. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net 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 position that applies to future periods and will *not* be recognized as an inflow of resources (revenue) until that time. The City has one (1) item that qualifies for reporting as deferred inflows of resources which is the *deferred amount for pensions*. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

10. Pensions and Net Pension Liability

The City participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by Florida Division of Retirement (collectively, FRS/HIS). In the government-wide and proprietary fund statements of net position, a net pension liability has been recorded representing the City's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

The City also sponsors a single-employer defined benefit pension plan for police officers and firefighters which is administered by the Police and Fire Pension Board appointed by the City Commission. In the government-wide statement of net position, the net pension liability represents the present value of projected benefit payments to be provided through the pension plan to current and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of each plan and additions to/deductions from each plan's net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balance Policies

The City adopted a fund balance policy whereby fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (*committed fund balance*) or an assignment (*assigned fund balance*).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued):

11. Fund Balance Policies (continued)

The City's adopted fund balance policy is as follows:

Non-spendable – fund balance amounts that cannot be spent because they are either (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 such as inventories and prepaid amounts. It also includes the long-term portion of loans and notes receivable as well as property acquired for resale unless the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – fund balance amounts that can be spent only for the purposes specified by external resource providers (such as grantors, creditors, or contributors), the City Charter, enabling legislation, or laws or regulations of other governmental agencies. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed – fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City has no committed fund balance at September 30, 2018.

Assigned – fund balance amounts, other than restricted or committed fund balance, that the City intends to use for a specific purpose. The intent shall be expressed by the City Commission, or the City Manager or Chief Financial Officer if authorized by the City Commission per the City's fund balance policy. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – this is the residual classification for the General Fund and represents amounts that have not been assigned to other funds and have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Minimum Unreserved (Unassigned) Fund Balance – as per City Code, Section 46-26, the City has established a minimum unassigned fund balance requirement in the General Fund of ten percent (10%) of next year's total budgeted expenditures (excluding transfers and other financing uses). Should the projected or actual unassigned fund balance fall below this minimum, a financial plan outlining an increase in revenues or a decrease in expenditures will be submitted to the City Commission for approval. This plan will require the ten percent (10%) minimum fund balance to be funded within a two (2) year period. Use of fund balance below the ten percent (10%) reserve would be permitted only in the case of a legitimate emergency or disaster, or in the case of an unanticipated economic downturn resulting in a material loss in revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued):

11. Fund Balance Policies (continued)

The City considers restricted fund balances to be spent first when both restricted and unrestricted resources are available for use. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers Committed amounts to be reduced first, followed by Assigned amounts and then Unassigned amounts.

12. Net Position

The government-wide and proprietary funds financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets into one component of net position; accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the City that is not restricted for any particular purpose.

13. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., debt or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as net position-restricted and net position-unrestricted in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider net position-restricted to have been depleted before net position-unrestricted is applied.

H. Revenues and Expenditures/Expenses:

1. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the Volusia County Property Appraiser and Chief Financial Officer. The laws of the state regulating tax assessment are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to ten (10) mills. The millage rate assessed by the City for operating purpose was 6.3333 mills and for debt service was 0.3389 mills for a total millage rate of 6.6722 mills for the fiscal year ended September 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses (continued):

1. Property Taxes (continued)

The property tax calendar is as follows:

Valuation date January 1, 2017

Each taxing authority is notified of their respective valuations based on the assessment roll prepared by the property appraiser and approved by the State July 1, 2017

City Commission holds two (2) required public hearings, adopts an ad valorem tax millage rate, and adopts the budget for the coming fiscal year September 2017

All real and tangible personal property taxes are due and payable (levy date) November 1, 2017

The County mails Notice of Taxes to property owners on the assessment roll November 2017

Taxes are paid from November 2017 through March 2018, with the following applicable discounts:

Month <u>Paid</u>	Percent <u>Discount</u>
November	4%
December	3%
January	2%
February	1%
March	0%

All unpaid taxes on real and tangible personal property become delinquent April 1, 2018

Tax certificates are sold on all parcels with unpaid real property taxes (lien date) May 31, 2018

A court order is obtained by the County authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes August 2018

2. Program Revenues

Amounts reported as *program revenues* include: 1) fees, fines and 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses (continued):

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 enterprise funds and internal service funds are charges to customers for sales and services.

Operating expenses for enterprise funds and internal service 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 nonoperating revenues and expenses.

I. Fair Value Measurement

The City follows GASB Codification I50: *Investments*, which provides guidance for determining, applying and disclosing fair values measurement for financial reporting purposes for financial and non-financial assets, including real estate, intangible assets, land rights, natural resources and alternative investments. A three level hierarchy of valuation techniques used to measure fair value was established. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly. Level 3 inputs are unobservable inputs. These standards require disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

J. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(The remainder of this page is intentionally left blank)

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position:

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$113,101,529 difference are as follows:

Land	\$	26,855,062
Construction in progress		4,192,619
Buildings		65,025,542
Less: Accumulated depreciation – buildings		(28,627,906)
Improvements and infrastructure		80,183,775
Less: Accumulated depreciation – improvements and infrastructure		(44,023,358)
Equipment		34,323,516
Less: Accumulated depreciation – equipment		(24,827,721)
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$	<u>113,101,529</u>

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “internal service funds are used by management to charge the costs of fleet maintenance, employment services, property maintenance, information systems, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$1,212,377 difference are as follows:

Net position of the internal service funds	\$	659,091
Less: Internal balance representing charges in excess of costs to business-type activities – prior years		(1,766,356)
Less: Internal balance representing charges in excess of costs to business-type activities – current year		(105,112)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$	<u>(1,212,377)</u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$126,021,466 difference are as follows:

Prepaid bond insurance costs (to be amortized over life of debt)	\$	64,046
Deferred amount on refunding (to be amortized as interest revenue)		603,788
Deferred amount for pensions (net)		9,644,040
Accrued interest payable		(383,469)
Bonds, loans, and notes payable		(46,955,486)
Net pension liability		(79,475,005)
Compensated absences		(5,657,048)
Other post-employment benefits		(3,862,332)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$	<u>(126,021,466)</u>

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeds depreciation expense in the current period.” The details of the \$5,633,770 difference are as follows:

Capital outlay.....	\$ 12,364,652
Depreciation expense.....	<u>(6,730,882)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 5,633,770</u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position.” The details of this \$1,018,716 difference is as follows:

In the statement of activities, only the <i>loss</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold	\$ <u>(1,018,716)</u>
Net adjustment to decrease <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,018,716)</u>

Another element of that reconciliation states that “the issuance of long-term debt (i.e., bonds, loans, and notes) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$3,077,021 difference are as follows:

Debt issued or incurred:	
Refunding notes.....	\$ (1,568,000)
Capital lease	\$ (450,000)
Principal payments:	
Bonds.....	2,480,093
Notes and Loans	1,059,028
Payment on refunding notes	<u>1,555,900</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,077,021</u>

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued):

Another element of that reconciliation states that “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.” The details of this \$3,474,760 difference are as follows:

Amortization of prepaid bond insurance costs.....	\$	(9,571)
Amortization of deferred amount on refunding.....		(73,618)
Amortization of bond premium		22,027
Accrued interest.....		12,091
Pension expense.....		(3,645,949)
Compensated absences		11,221
Other post-employment benefits.....		209,039
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>(3,474,760)</u>

Another element of that reconciliation states that “internal service funds are used by management to charge the costs of fleet maintenance, employment services, property maintenance, information systems, and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.” The details of this \$211,781 difference are as follows:

Change in net position of the internal service funds.....	\$	316,893
Less: Income from charges to business-type activities.....		<u>(105,112)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>211,781</u>

C. Explanation of Certain Differences between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position:

The proprietary fund statement of net position includes a reconciliation between *net position – total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of net position. The description of the sole element of that reconciliation is “adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.” The details of the \$1,871,468 difference are as follows:

Internal balance representing charges in excess of costs to business-type activities – prior years.....	\$	1,766,356
Internal balance representing charges in excess of costs to business-type activities – current year		<u>105,112</u>
Net adjustment to increase <i>net position – total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	\$	<u>1,871,468</u>

NOTE 3 – DEFICIT NET POSITION, STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following funds had a deficit net position at fiscal year-end September 30, 2018.

Grants Fund – The Grants Fund had a deficit unassigned fund balance of \$65,183 at September 30, 2018. This deficit was the result of retainage expense incurred in grant funded projects which was not grant reimbursable at the end of Fiscal Year 2018. These expenditures will be reimbursed in Fiscal Year 2019.

Emergency Management Grants Fund – The Emergency Management Grants Fund had a deficit unassigned fund balance of \$2,816,275 at September 30, 2018. This deficit was the result of the Federal Emergency Management Agency (FEMA) grants that were awarded to the City for disaster recovery from Hurricane Matthew and Hurricane Irma. Project expenditures were not obligated to the City until Fiscal Year 2019. Therefore, according to GASB Codification N50: *Nonexchange Transactions*, the revenue for the expenditures will be recognized in Fiscal Year 2019.

Halifax Harbor Fund - The Halifax Harbor Fund had a deficit net position of \$1,492,694 at September 30, 2018. This deficit was the result of: 1) transfers out to other funds in prior fiscal years for capital improvements, and 2) a reduction in operating revenues caused by the economic recession. City management re-negotiated certain leases with existing commercial tenants of the Plaza, which has since produced continued growth in annual lease revenues collected. The Marina's management services company has maintained an aggressive marketing initiative in order to stimulate steady growth in the Marina's dockage and boat slip rentals. During this fiscal year a portion of the long term advance owed was repaid in the amount of \$399,882. Management's steady growth in the Plaza's commercial lease revenues coupled with an increase in the Marina's operating revenues will make it possible to recover most of the Fund's deficit over the next five (5) fiscal years.

Cultural Services Fund - The Cultural Services Fund had a deficit net position of \$1,456,855 at September 30, 2018. This deficit was the result of increased operating expenses due to an initiative to expand cultural programs provided to the community. Management re-organized and changed the focus of the Fund to attract additional venues, events, and promoters in order to foster growth in ticket sales. In addition, management has continued to seek opportunities for sponsorships and partnered with the Peabody Auditorium Foundation, Inc. to help offset a portion of the operating costs for certain cultural programs at the Peabody Auditorium and Oceanfront Bandshell.

Municipal Golf Course Fund - The Municipal Golf Course Fund had a deficit net position of \$2,976,546 at September 30, 2018. This deficit was the result of a drop in greens fees and cart fee revenues over the last several fiscal years due to the economic recession. In prior years the golf course operated at a loss due to the closing of the north course during extensive fairway and greens reconstruction. Additionally, the effects related to the natural disasters Hurricane Matthew and Hurricane Irma contributed to the deficit net position. The deficit and associated operating costs are anticipated to decline over the next several fiscal years through proactive management, operational initiatives, as well as cost reductions by streamlining inventory purchases within the pro shop to take advantage of exclusive vendor discounts. Management is taking measures to revitalize the course to make it more appealing by renovating the greens on the north course. If these measures do not result in a reduction of the deficit net position over the next few fiscal years, the City will re-evaluate the status of the golf course as an enterprise fund.

Florida Tennis Center Fund - The Florida Tennis Center Fund had a deficit net position of \$1,953,366 at September 30, 2018. This deficit was the result of operating expenses and debt service costs exceeding operating revenues over the last ten (10) fiscal years and the result of effects related to the natural disasters Hurricane Matthew and Hurricane Irma. It is anticipated that this condition will continue until the construction loan is paid off in FY 2020-21 and anticipated population growth occurs in the northwestern part of the City. This will provide a greater customer base for increased memberships and daily fees necessary to sustain the tennis center in future fiscal years. If these measures do not result in a reduction of the deficit net position over the next few fiscal years, the City will re-evaluate the status of the tennis center as an enterprise fund.

NOTE 3 – DEFICIT NET POSITION, STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

The Municipal Stadium/Jackie Robinson Ballpark Fund – The Municipal Stadium/Jackie Robinson Ballpark Fund had a deficit net position balance of \$51,843 at September 30, 2018. This deficit was the result of operating expenses exceeding operating revenues for fiscal year 2018. In February 2018, the City entered into a thirty (30) year contract to manage and operate the municipal stadium facility as a first class public sports and entertainment venue in order to attract additional events and promoters to foster growth in ticket sales. The City expects to recover the remaining deficits in FY 2019 or shortly thereafter.

Employment Services Fund - The Employment Services Fund had a deficit net position of \$281,671 at September 30, 2018. This deficit was a result of a restatement to the fund’s beginning net position in FY 2014-15, due to the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers’ proportionate share of the net pension liabilities of the defined benefit pension plans. The requirements of this Statement were implemented prospectively, with the City reporting its proportionate share of the actuarially determined liabilities at October 1, 2014. On an annual basis the City calculates its internal rate structure and includes the amount required for the current pension funding. The deficit caused by implementing GASB Statement No. 68, is a long-term net pension liability and will be reduced over a significant period of time.

Consolidated Insurance Fund - The Consolidated Insurance Fund had a deficit net position of \$616,095 at September 30, 2018. This deficit was due to claims costs for the City’s self-insured workers’ compensation plan and general liability insurance plan. During fiscal year 2017-18, there were several large claims paid out of general liability.

NOTE 4 - DEPOSITS AND INVESTMENTS

A common cash and investment pool is maintained for the use of all funds. All cash and investments are managed in accordance with City ordinances except the Police and Fire Pension Trust Fund which is separately managed under the direction of the Police and Fire Pension Board. See Note 18 for further information regarding the Police and Fire Pension. On February 21, 2001, the City Commission formally adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes, which established permitted investments, asset allocation limits, credit ratings requirements and maturity limits to protect the City’s cash and investments. On August 5, 2009 the City Commission approved a revised policy to change the asset allocations due to changes that had occurred in the financial markets.

Custodial Credit Risk - All cash deposits are held by banks that qualify as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280.02, Florida Statutes. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral by the bank and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Therefore, the City has no custodial credit risk associated with deposits. The City’s investment policy allows for the following investments: Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Savings Accounts, Repurchase Agreements, Corporate Notes, Commercial Paper, Corporate Obligations, Bankers’ Acceptances, State and/or Local Government Taxable Debt, Registered Investment Companies (Mutual Funds and Money Market Mutual Funds) and Intergovernmental Investment Pools. For all investments authorized by the policy, the City applies the “Prudent Person” standard when developing investment strategies.

Interest Rate Risk - Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The City’s investment policy limits investments to those having a maturity, at the time of purchase, of less than ten (10) years. There were no investments that exceeded this maximum maturity at September 30, 2018. The City utilizes “duration” as a measurement of interest rate risk and as of September 30, 2018, the combined cash and investment portfolios had a weighted average duration of 0.41 years.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk - Credit risk exists when there is a possibility the issuer or other counter-party to an investment may be unable to fulfill its obligations. The City’s investment policy protects its investments by requiring specific credit ratings for each type of investment in the portfolio. All are rated within policy guidelines.

Custodial Credit Risk - The City’s investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposit, to be held with a third-party custodian and all securities purchased by, and all collateral obtained by the City, should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a “delivery versus payment” basis, if applicable, to ensure the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of September 30, 2018, the City’s investment portfolios were held with a third-party custodian as required by the investment policy.

Concentration of Credit Risk - In addition to describing the credit risk of investments in the portfolio, governmental entities need to disclose the concentration of any single investment type or holding per single issuer. The City’s investment policy allows investment concentrations in various percentages for different types of investments. The investments held at year end are all within the allowable percentages.

Foreign Currency Risk - The City’s investment policy does not allow for investments in foreign currency; therefore, the City has no exposure to foreign currency risk.

The table below shows the cash, cash equivalents, and investments including their respective durations (in years), ratings of investments held at year end, and percent allocations of each investment type in the portfolio at September 30, 2018:

Portfolio	Fair Value	Duration (Years)	Weighted Average Rating Moody’s/S&P	Percent Distribution
Cash Deposits	\$ 76,931,676			57.61%
PFM Prime Money Market Fund	7,714,665	0.25	Aaa-mf/AAAm	5.80%
First American Treasury Money Market Fund.....	436,488	-	Aaa-mf/AAAm	0.33%
US Treasury Notes	14,277,675	1.16		10.69%
US Instrumentalities:				
Federal Home Loan Bank.....	8,738,696	1.26	Aaa/AA+	6.55%
Federal Home Loan Mortgage Corporation	11,539,774	1.39	Aaa/AA+	8.64%
Federal National Mortgage Association.....	4,034,677	0.31	Aaa/AA+	3.02%
Federal Farm Credit Bank	4,918,430	1.25	Aaa/AA+	3.68%
Corporate Notes:				
Microsoft Corporation.....	493,590	0.85	Aaa/AAA	0.37%
Apple Incorporated.....	1,378,474	1.20	Aa1/AA+	1.03%
Berkshire Hathaway	513,228	0.50	Aa2/AA	0.38%
Exxon Mobile Corporation.....	1,980,295	0.93	Aaa/AA+	1.48%
Wal Mart Stores Incorporated	559,266	0.21	Aa2/AA	0.42%
Total	<u>\$ 133,516,934</u>			<u>100.00%</u>

The City follows Section I50: *Investments* of the GASB Codification which establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under Section 150: *Investments* of the GASB Codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The City had the following fair value measurements as of September 30, 2018. At the end of fiscal year, the City did not have investments classified as Level 1 and Level 3 assets in its portfolio.

<u>Portfolio</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 2</u>
US Treasury Notes	\$ 14,277,675	\$14,277,675
US Instrumentalities:		
Federal Home Loan Bank.....	8,738,696	8,738,696
Federal Home Loan Mortgage Corporation	11,539,774	11,539,774
Federal National Mortgage Association.....	4,034,677	4,034,677
Federal Farm Credit Bank	4,918,430	4,918,430
Corporate Notes:		
Microsoft Corporation	493,590	493,590
Apple Incorporated.....	1,378,474	1,378,474
Berkshire Hathaway	513,228	513,228
Exxon Mobile Corporation.....	1,980,295	1,980,295
Wal Mart Stores Incorporated	559,266	559,266
Subtotal	48,434,105	48,434,105
First American Treasury Money Market Fund	436,488	n/a
PFM Prime Money Market Fund	7,714,665	n/a
Cash Deposits.....	76,931,676	n/a
Total	<u>\$ 133,516,934</u>	<u>\$ 48,434,105</u>

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of September 30, 2018:

- Fixed income funds – valued using price models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.
- Common stock – valued at quoted market prices for identical assets in active markets.

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2018. In accordance with GASB Codification 150: *Investments*, money market funds have not been classified in the fair value hierarchy as they are measured at net asset value (NAV). There are no unfunded commitments for money market funds and they can be redeemed daily with no redemption notice period.

NOTE 5 - RECEIVABLES

Below is the detail of receivables, including applicable allowances for uncollectible accounts, at September 30, 2018:

Description	Receivables	(Less) Allowance for Uncollectibles	Receivables (Net)
Governmental Funds:			
General Fund	\$ 3,682,341	\$ (423,211)	\$ 3,259,130
Redevelopment Trust	233,693	-	233,693
Nonmajor governmental funds	142,825	-	142,825
Total - Governmental Funds	4,058,859	(423,211)	3,635,648
Proprietary Funds:			
Water and Sewer System	7,689,511	(985,787)	6,703,724
Solid Waste Management	2,657,139	(283,823)	2,373,316
Stormwater Improvement	1,419,468	(73,015)	1,346,453
Nonmajor Enterprise Funds	13,436	-	13,436
Total - Proprietary Funds	11,779,554	(1,342,625)	10,436,929
Fiduciary Funds:			
Police and Fire Pension Trust	214,477	-	214,477
Total	\$ 16,052,890	\$ (1,765,836)	\$ 14,287,054

Included in accounts receivable in the General Fund, Water and Sewer System Fund, and Solid Waste Management Fund are liens receivable. Liens receivable in the General Fund consist of expenditures incurred for demolitions and are recorded as unearned revenue. Liens receivable in the Water and Sewer System Fund represent water and sewer charges not paid by the property owner. In the Solid Waste Management Fund, liens receivable represent charges incurred for lot clearances. Each recorded lien has been processed and filed with the Volusia County Clerk of Circuit Court against the specific property affected.

An estimated unbilled revenue amount is recorded within the General Fund of \$124,993, Water and Sewer System Fund of \$3,853,320, Solid Waste Management Fund of \$1,226,427, and Stormwater Improvement Fund of \$872,333 and represents services rendered but not yet billed as of the end of the fiscal year.

NOTE 6 - NOTES RECEIVABLE

The following is a summary of notes receivable at September 30, 2018:

General Fund - On April 19, 2001, the City loaned the Gardens of Daytona, Ltd., a Florida Limited Partnership, \$114,065 as part of the local contribution required for application of tax credits related to the rehabilitation project of the Daytona Garden Apartments, a low income housing project. The note matures April 19, 2051, and is payable in full at that time. The note is non-interest bearing and is secured by a mortgage and security agreement encumbering certain real property located in the project area.

Redevelopment Trust Fund - On November 19, 2009, the Daytona Beach Community Redevelopment Agency (CRA) entered into an agreement to lend Central Florida Community and Economic Development Corporation, LLC, up to \$551,000 for retail development of property located at 456 South Martin Luther King Boulevard, Daytona Beach, Florida, which is within the Midtown Redevelopment area of the City. The note is secured by a mortgage on the property. The CRA agreed to forgive a repayment of up to \$250,000 for authorized CRA expenditures under Chapter 163, Florida Statutes, and the Midtown Redevelopment Area Plan pursuant to the terms of the loan agreement. During FY 2012-13, the loan agreement was modified and as of September 30, 2013, combined payments on the indebtedness totaled \$20,846, leaving a principal balance owed to the CRA of \$280,153. This remaining principal balance shall be amortized over 57 months and repaid in equal monthly installments of \$2,083 through December 2018, at which time a balloon payment will be due in the amount of \$161,396. The remaining principal balance owed at September 30, 2018 was \$169,729.

NOTE 7 – OPERATING LEASES - LESSOR

The following is a summary of the City’s operating lease agreements in which the City is the lessor at September 30, 2018.

Halifax Harbor Fund - The City owns and operates a commercial plaza of approximately 39,500 square feet at the Halifax Harbor Marina through a management contract with an independent management firm. The Halifax Harbor Plaza has a mixture of retail, office, and restaurant space with a number of tenants and for varying lease periods with no period longer than five (5) years, not including lease-renewal options. Lessees pay a base rent amount plus common area maintenance fees. For FY 2017-18, Halifax Harbor Plaza lease revenues totaled \$261,009.

Halifax Harbor Plaza Assets:	
Building	\$ 4,617,681
Infrastructure	452,974
Equipment	351,148
Less: accumulated depreciation	(3,001,088)
Total	<u>\$ 2,420,715</u>

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2018

NOTE 7 – OPERATING LEASES - LESSOR (CONTINUED)

Daytona Beach Pier Fund - On December 6, 2011, the City entered into a 10-year agreement with Crab Addison, Inc. to lease the City-owned Daytona Beach Pier. The agreement contains four (4) options to extend the term an additional five (5) years each. Effective January 3, 2017, Crab Addison, Inc., a Texas corporation was converted to Joe’s Crab Shack, LLC, a Texas limited liability company as the new Tenant entity under the Lease. In August 2017 Landry’s Restaurants purchased Joe’s Crab Shack, LLC. Lease payments to the City for the leased premises are as follows:

<u>Period</u>	<u>Annual Base Rent</u>	<u>Percentage Rent (of gross sales)</u>
6/1/12 – 6/30/13	\$275,000	8% over breakeven point of \$5.25 million
7/1/13 – 6/30/22	Prior year rent plus 1%	8% over prior year breakeven point plus 1%

For FY 2017-18, Daytona Beach Pier lease revenues, including percentage rent, totaled \$586,724.

Daytona Beach Pier Assets:

Building	\$ 6,136,161
Less: accumulated depreciation	<u>(1,473,315)</u>
Total	<u>\$ 4,662,846</u>

Municipal Stadium: The City entered into a 30-year agreement with DME Sports in February 2018 to lease the City-owned Municipal Stadium. The agreement has two (2) renewal options of ten (10) years each. The terms include payment to the City as follows:

<u>Period</u>	<u>Annual Base Rent</u>	<u>Percentage Rent (of gross sales)</u>
2/22/18 – 9/30/18	\$150,000 (prorated)	N/A
10/1/18 – 9/30/19	\$150,000	Primary – 3% over breakeven point of \$3M plus Secondary – 5% over breakeven point of \$5M
10/1/19 – 9/30/47	Prior year plus annual CPI adjustment	Primary – 3% over breakeven point of \$3M + CPI Adjustment plus Secondary – 5% over breakeven point of \$5M + CPI Adjustment

For FY 2017-18, the Municipal Stadium lease revenues totaled \$91,071.

Municipal Stadium Assets:

Building	\$ 4,690,869
Infrastructure	1,313,146
Equipment	417,612
Less: accumulated depreciation	<u>(3,864,162)</u>
Total	<u>\$ 2,557,465</u>

NOTE 7 – OPERATING LEASES – LESSOR (CONTINUED)

Jackie Robinson Ballpark (JRBP) – The City and Big Game Florida, LLC entered into a 10-year agreement to lease the City-owned JRBP effective January 1, 2013. The agreement may be renewed upon mutual consent of the parties. Subsequently, an assignment agreement was executed by Big Game LLC and Tortugas Baseball Club LLC effective October 1, 2014. The agreement includes payment to the City as follows:

<u>Period</u>	<u>Annual Base Rent</u>	<u>Percentage Rent (of Gross Revenue)</u>
1/1/13 - 12/31/13	\$55,000	N/A
1/1/14 - 12/31/22	1.5% over previous lease year	5% over breakeven point of \$3M

For FY 2017-18, JBRP lease revenues totaled \$59,037.

Jackie Robinson Ballpark Assets:

Building	\$ 3,115,533
Infrastructure	2,855,624
Equipment	87,704
Less: accumulated depreciation	<u>(4,108,039)</u>
Total	<u>\$ 1,950,822</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

The following is a summary of interfund receivable and payable balances at September 30, 2018:

A. Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Total nonmajor governmental funds	\$ 4,660,000
General Fund	Total nonmajor enterprise funds	232,000
Total		<u>\$ 4,892,000</u>

The amounts payable from the Grants Funds, Emergency Management Grant Fund, Municipal Golf Course Fund, and the Tennis Center Fund to the General Fund, totaling \$4,892,000 were to cover temporary cash deficits caused by timing of receipts and grant reimbursements, including \$4,260,000 attributable to Hurricane Matthew and Hurricane Irma.

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer System Fund	Total nonmajor proprietary funds	\$ 2,869,341
Stormwater Improvement Fund	Total nonmajor proprietary funds	5,757,552
Total		<u>\$ 8,626,893</u>

Advances payable to the Water and Sewer System Fund from the Municipal Golf Course Fund were to cover cash deficits from decreased operating revenues over several previous fiscal years. In addition, during FY 1995-96, \$1 million was advanced for major improvements to the north course and to replenish lost revenues due to reconstruction. Advances payable to the Water and Sewer System Fund from the Florida Tennis Center and the

NOTE 8 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

B. Advances To/From Other Funds(Continued) :

Halifax Harbor Fund were to cover operating costs over several previous fiscal years. Advances payable to the Stormwater Improvement Fund from the Halifax Harbor, Cultural Services, Municipal Golf Course, and Florida Tennis Center funds were to cover cash deficits resulting from decreased operating revenues. These advances do not have any repayment terms, however during FY 2017-18, the Halifax Harbor repaid the Stormwater Fund \$135,298 toward its advances payable balance for the plaza leaving a remaining balance owed of \$346,702. The Halifax Harbor Fund paid back \$264,584 to the Water & Sewer Fund for the marina, reducing the balance to \$650,416.

C. Interfund Transfers:

Description	Transfers In						
	Governmental Funds				Proprietary Funds		
	Total Transfers (Out)	General Fund	Redevelopment Trust	Capital Projects	Nonmajor Governmental Funds	Stormwater Fund	Nonmajor Enterprise Funds
Governmental Funds:							
General Fund	\$ 4,837,460	\$ -	\$ 2,759,018	\$1,136,987	\$ 399,330	\$ -	\$ 542,125
Redevelopment Trust	2,897,524	-	-	-	2,897,524	-	-
Capital Projects	-	-	-	-	-	-	-
Nonmajor governmental	587,859	-	-	-	587,859	-	-
Total – governmental funds	8,322,843	-	2,759,018	1,136,987	3,884,713	-	542,125
Proprietary Funds:							
Water and Sewer System	5,169,724	5,099,464	-	-	-	70,260	-
Solid Waste Management	7,933,864	6,083,864	-	1,850,000	-	-	-
Stormwater Improvement	6,984,634	4,973,433	-	-	-	-	2,011,201
Nonmajor enterprise	208,517	41,279	-	167,238	-	-	-
Total – proprietary funds	20,296,739	16,198,040	-	2,017,238	-	70,260	2,011,201
Total	\$ 28,619,582	\$16,198,040	\$ 2,759,018	\$3,154,225	\$ 3,884,713	\$ 70,260	\$2,553,326

The transfer from the General Fund to the Redevelopment Trust Fund reflects the City’s tax increment payment based on the difference in taxable values for the five (5) community redevelopment areas from the base year to 2016. Transfers were made from the Redevelopment Trust Fund to nonmajor governmental funds to meet debt service requirements. Transfers from the major enterprise funds to the General Fund were primarily for payment in lieu of taxes for governmental services provided.

(The remainder of this page is intentionally left blank)

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2018

NOTE 9 - CAPITAL ASSETS

A. Fiscal Year Activity:

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities: (Includes internal service funds)				
Capital assets, not being depreciated:				
Land.....	\$ 25,683,435	\$ 1,191,555	\$ (19,928)	\$ 26,855,062
Construction in progress.....	2,605,374	2,766,579	(1,172,672)	4,199,281
Total capital assets, not being depreciated.....	<u>28,288,809</u>	<u>3,958,134</u>	<u>(1,192,600)</u>	<u>31,054,343</u>
Capital assets, being depreciated:				
Buildings.....	64,446,716	3,025,185	(2,205,158)	65,266,743
Improvements and infrastructure.....	76,434,100	4,078,385	(168,791)	80,343,694
Equipment.....	34,849,791	2,227,493	(1,025,660)	36,051,624
Total capital assets, being depreciated.....	<u>175,730,607</u>	<u>9,331,063</u>	<u>(3,399,609)</u>	<u>181,662,061</u>
Less accumulated depreciation for:				
Buildings.....	(28,196,092)	(2,355,968)	1,708,236	(28,843,824)
Improvements and infrastructure.....	(41,751,957)	(2,510,263)	166,474	(44,095,746)
Equipment.....	(24,912,702)	(2,000,063)	958,156	(25,954,609)
Total accumulated depreciation.....	<u>(94,860,751)</u>	<u>(6,866,294)</u>	<u>2,832,866</u>	<u>(98,894,179)</u>
Total capital assets, being depreciated, net.....	<u>80,869,856</u>	<u>2,464,769</u>	<u>(566,743)</u>	<u>82,767,882</u>
Governmental activities capital assets, net.....	<u>\$ 109,158,665</u>	<u>\$ 6,422,903</u>	<u>\$ (1,759,343)</u>	<u>\$ 113,822,225</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 7,926,554	\$ -	\$ -	\$ 7,926,554
Construction in progress.....	9,634,898	6,263,278	(7,245,392)	8,652,784
Total capital assets, not being depreciated.....	<u>17,561,452</u>	<u>6,263,278</u>	<u>(7,245,392)</u>	<u>16,579,338</u>
Capital assets, being depreciated:				
Buildings.....	54,984,418	1,926,711	(3,078)	56,908,051
Improvements and infrastructure.....	111,957,480	10,782,076	(14,071)	122,725,485
Equipment.....	151,416,913	3,404,070	(1,219,349)	153,601,634
Total capital assets, being depreciated.....	<u>318,358,811</u>	<u>16,112,857</u>	<u>(1,236,498)</u>	<u>333,235,170</u>
Less accumulated depreciation for:				
Buildings.....	(42,555,583)	(1,619,180)	3,078	(44,171,685)
Improvements and infrastructure.....	(47,662,936)	(3,657,962)	14,071	(51,306,827)
Equipment.....	(116,609,202)	(3,749,811)	1,193,485	(119,165,528)
Total accumulated depreciation.....	<u>(206,827,721)</u>	<u>(9,026,953)</u>	<u>1,210,634</u>	<u>(214,644,040)</u>
Total capital assets, being depreciated, net.....	<u>111,531,090</u>	<u>7,085,904</u>	<u>(25,864)</u>	<u>118,591,130</u>
Governmental activities capital assets, net.....	<u>\$ 129,092,542</u>	<u>\$ 13,349,182</u>	<u>\$ (7,271,256)</u>	<u>\$ 135,170,468</u>

NOTE 9 - CAPITAL ASSETS (CONTINUED)

B. Construction in Progress:

As of the end of the fiscal year, the City had active construction projects including improvements to utilities, roads and right-of-way, public safety and recreational facilities, and drainage systems. Following is a schedule of construction in progress at September 30, 2018.

Project Description	Project Budget	Cumulative Amount Spent
Governmental activities:		
East International Speedway Boulevard streetscape.....	\$ 1,352,553	\$ 768,522
Ballough Road Redevelopment area streetscape/beautification.....	1,256,681	471,988
Halifax River Greenway Trail.....	3,226,454	1,011,032
Streets and sidewalks improvement program.....	1,058,430	277,352
Riverfront Park improvements.....	870,279	412,140
First Step Shelter.....	3,582,305	901,448
Park renovations/improvements.....	136,814	114,828
Main Street lighting improvements.....	19,733	18,688
Beach Street streetscape improvements.....	170,547	23,723
Expansion of Fire Station #4.....	280,678	199,560
Total construction in progress – governmental activities.....	\$ 11,954,474	\$ 4,199,281
Business-type activities:		
Williamson Boulevard reclaimed water line	\$ 1,081,636	\$ 146,809
Bennett Swamp aquifer recharge.....	5,515,181	3,141,077
Wastewater treatment plant facilities improvements	45,760,851	2,281,488
Bethune Point treatment plant generator	1,788,504	20,350
Well 44 reconstruction	300,000	51,116
Derbyshire neighborhood sidewalks and stormwater improvements	138,000	104,067
Lift Station 4 rehabilitation	863,158	726,830
Utility water main adjustments.....	296,182	256,992
Midtown Redevelopment area stormwater remediation	1,979,940	1,924,055
Total construction in progress – business-type activities.....	\$ 57,723,452	\$ 8,652,784

NOTE 9 - CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense:

Depreciation expense was charged to individual functions and programs for the fiscal year ended September 30, 2018 as follows:

<u>Function/Program:</u>	<u>Depreciation Expense</u>
Governmental activities:	
General government.....	\$ 4,516,316
Public safety.....	1,721,115
Transportation.....	<u>493,451</u>
Subtotal.....	6,730,882
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets.....	
	<u>135,412</u>
Total depreciation expense – governmental activities.....	<u>\$ 6,866,294</u>
Business-type activities:	
Water and sewer system.....	\$ 7,407,420
Solid waste management.....	13,546
Stormwater improvement.....	1,098,185
Halifax Harbor.....	308,771
Municipal Golf Course.....	144,853
Florida Tennis Center.....	<u>54,178</u>
Total depreciation expense – business-type activities.....	<u>\$ 9,026,953</u>

NOTE 10 – LEASES PAYABLE

A. Operating Leases:

Cancelable operating leases are utilized by the City for various purposes including equipment. For FY 2017-18, lease expenditures for governmental and business-type activities totaled \$518,117.

B. Capital Leases – Governmental Activities:

1. Fire – Pumper Trucks

Commencing March 2015, the City entered into a lease purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. for two (2) fire pumper trucks valued at \$755,366. The lease agreement qualifies as a capital lease and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The General Fund is responsible for all lease payments which are due semi-annually, including interest at 2.041%, for a term of 10 years. The future minimum lease obligation and net present value are shown in the table below.

NOTE 10 – LEASES PAYABLE (CONTINUED)

2. Fire – Aerial Apparatus

Commencing December 2015, the City entered into a lease purchase agreement with The Bancorp Bank for one (1) Sutphen SP-70 aerial fire apparatus valued at \$838,116. The lease agreement qualifies as a capital lease and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The General Fund is responsible for all lease payments which are due in annual installments, including interest at 1.70%, for a term of 10 years. The future minimum lease obligation and net present value are shown in the table below.

3. Fire – Pumper & Rescue Unit

Commencing February 2017, the City entered into a lease purchase agreement with Branch Banking and Trust Company (“BB&T”) for one (1) Fire Pumper Truck valued at \$390,536 and one (1) Rescue Vehicle valued at \$145,295. The lease agreement qualifies as a capital lease and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The General Fund is responsible for all lease payments which are due in annual installments, including interest at 1.96%, for a term of 7 years. The future minimum lease obligation and net present value are shown in the table below.

4. Fire – E-One Pumper

Commencing December 2017, the City entered into a lease purchase agreement with Branch Banking and Trust Company (“BB&T”) for one 2017 E-One Pumper valued at \$450,000. The lease agreement qualifies as a capital lease and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The General Fund is responsible for all lease payments which are due in annual installments, including interest at 2.3% for a term of 10 years. The future minimum lease obligation and net present value are shown in the table below.

5. Police – Equipment

Commencing January 2015, the City entered into a lease purchase agreement with Municipal Asset Management, Inc. for police equipment valued at \$249,499. The lease agreement qualifies as a capital lease and the General Fund is responsible for all lease payments which are due in annual installments, including interest, for a term of five (5) years. At the inception of the lease, a payment was made on the City’s behalf by Taser International, Inc., reducing the lease agreement’s effective interest rate from 2.73% to 1.00% per annum. The future minimum lease obligation and net present value are shown in the table below.

6. Police – Prison Transport

Commencing December 2015, the City entered into a lease purchase agreement with The Bancorp Bank and received six (6) Prison Transport Vehicles valued at \$42,318 each in December 2016 for a total value of \$253,908. The lease agreement qualifies as a capital lease and the General Fund is responsible for all lease payments which are due in annual installments, including interest at 1.70%, for a term of six (6) years. The future minimum lease obligation and net present value are shown in the table below.

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2018

NOTE 10 – LEASES PAYABLE (CONTINUED)

Future minimum lease obligations and net present values for governmental activities capital leases payable are as follows:

Fiscal Year Ending September 30,	Fire				Total
	Pumper Trucks	Aerial Apparatus	Pumper & Rescue Units	E-One Pumper	
	2019.....	\$ 86,585	\$ 91,846	\$ 84,564	
2020.....	86,585	91,846	84,564	50,887	313,882
2021.....	86,585	91,846	84,564	50,887	313,882
2022.....	86,585	91,846	84,564	50,887	313,882
2023.....	86,585	91,846	84,564	50,887	313,882
2024-2028.....	86,585	275,542	84,564	254,431	701,122
Total minimum lease payments.....	\$ 519,510	\$ 734,772	\$ 507,384	\$ 508,118	\$ 2,269,784
Less: amount representing interest..	(35,182)	(53,168)	(33,064)	(58,118)	(179,532)
NPV of minimum lease payments ...	\$ 484,328	\$ 681,604	\$ 474,320	\$ 450,000	\$ 2,090,252

Fiscal Year Ending September 30,	Police		
	Taser Equipment	Prison Transports	Total
	2019.....	\$ 50,882	\$ 44,121
2020.....	-	44,121	44,121
2021.....	-	44,121	44,121
2022.....	-	44,121	44,121
2023.....	-	-	-
2024-2028.....	-	-	-
Total minimum lease payments.....	\$ 50,882	\$ 176,484	\$ 227,366
Less: amount representing interest.....	(1,352)	(7,253)	(8,605)
NPV of minimum lease payments	\$ 49,530	\$ 169,231	\$ 218,761

NOTE 11 – LONG-TERM DEBT AND LIABILITIES

A. Bonds Payable:

The City issues various types of bonds to provide funding for the acquisition and construction of major capital facilities. These bonds include general obligation refunding bonds, capital improvement revenue bonds, and utility system refunding revenue bonds.

1. Capital Improvement Revenue Bonds, Series 2011 A and B – (Governmental and Business-Type Activities)

On June 23, 2011, the City issued Capital Improvement Revenue Bonds, Series 2011 A and B in the amount of \$35,620,000.

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

A. Bonds Payable (continued):

1. Capital Improvement Revenue Bonds, Series 2011 A and B – (Governmental and Business-Type Activities) (Continued)

The Series A portion of the debt in the amount of \$33,460,000 was issued for the purpose of refinancing FIFC Capital Revenue Bonds, Series 2001 C-1 of \$33,285,000, which was originally issued to finance certain public improvements benefitting the HBE and Ocean Walk prime areas. Certain tax increment revenues are pledged as security, with the City further obligating itself to budget and appropriate from non-ad valorem revenues any additional amounts necessary to make such repayment. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$24,400,000.

The Series B portion of the debt in the amount of \$2,160,000 was issued for the purpose of refinancing FIFC Capital Revenue Bonds, Series 2001 C-2 of \$2,570,000 and is payable solely from non-ad valorem revenues. The original purpose was for the purchase of equipment in the amount of \$1,139,710 (governmental activities), and the construction of the Florida Tennis Center (business-type activities) in the amount of \$1,020,290. The remaining principal balance at September 30, 2018 for governmental activities and business-type activities was \$137,757 and \$137,243 respectively.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,041,164. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of the old debt. The City reduced its total debt payments over 20 years by \$4,061,941 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,214,259. A liability is recorded in the governmental and business-type activities sections of the government-wide statement of net position.

2. General Obligation Refunding Bonds, Series 2012 – (Governmental activities)

On May 15, 2012, the City issued General Obligation Refunding Bonds, Series 2012 in the amount of \$18,810,000 for the purpose of refunding General Obligation Revenue Bonds, Series 2004 of \$18,560,000. The original bonds were issued to construct a new police complex. The reacquisition price exceeded the net carrying amount of the old debt by \$223,392. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of the old debt. The City reduced its total debt payments over 18 years by \$2,634,350, which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,090,135. The City has pledged the full faith and credit of its taxing power for the payment of principal and interest on the bonds. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$13,075,000.

3. Utility System Refunding and Improvement Revenue Bonds, Series 2012 – (Business-Type Activities)

On September 20, 2012, the City issued Utility Refunding and Improvement Revenue Bonds, Series 2012 in the amount of \$54,450,000. A portion of the debt was issued for the purpose of refinancing: (1) Utility System Refunding Revenue Bonds, Series 2002 A, B, and C in the amount of \$20,790,000, (2) Utility System Refunding Revenue Bonds, Series 2002 D in the amount of \$19,315,000, (3) 1997 State Revolving

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

A. Bonds Payable (continued):

3. Utility System Refunding and Improvement Revenue Bonds, Series 2012 – (Business-Type Activities) (Continued)

Fund Loan in the amount of \$10,443,543, and (4) 1999 State Revolving Fund Loan in the amount of \$3,077,285. The remaining portion of the debt of \$9,000,000 was issued to finance the cost of an automated meter reading system and software. The original bond proceeds financed the following: water, sewer, re-use and stormwater system improvements, expansion/upgrade of Westside Regional and Bethune Point wastewater treatment plants, replacement of Ridgewood Avenue sewer line, and installation of a reclaimed water main at Lincoln Avenue. The reacquisition price exceeded the net carrying amount of the old debt by \$2,084,796. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of the old debt. The City reduced its total debt payments over 20 years by \$4,228,364 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,468,427. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$34,880,000.

Following is a description of bonds payable at September 30, 2018:

Description	Original Amount Issued	Principal Outstanding at September 30, 2018	Interest Rate	Final Maturity
Governmental activities:				
Capital Improvement Revenue Bonds:				
Series 2011 A	\$ 33,460,000	\$ 24,400,000	2% - 5%	2031
Series 2011 B	1,139,710	137,757	2% - 5%	2021
Total Capital Improvement Revenue Bonds	34,599,710	24,537,757		
General Obligation Refunding Bonds,				
Series 2012	18,810,000	13,075,000	2% - 3.375%	2029
Total - governmental activities	\$ 53,409,710	\$ 37,612,757		
Business-type activities:				
Capital Improvement Revenue Bonds:				
Series 2011 B	\$ 1,020,290	\$ 137,243	2% - 5%	2021
Utility System Refunding revenue Bonds,				
Series 2012	54,450,000	34,880,000	0.5% - 5%	2033
Total - business-type activities	\$ 55,470,290	\$ 35,017,243		

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2018

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

A. Bonds Payable (continued):

Annual debt service requirements to maturity for bonds payable are as follows:

Capital Improvement Revenue Bonds, Series 2011A and B							
Fiscal Year	Governmental activities				Business-type activities		
	Series A		Series B		Series B		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
Ending							
2019	\$ 1,465,000	\$ 1,047,931	\$ 47,589	\$ 4,042	\$ 47,411	\$ 4,027	\$ 2,616,000
2020	1,510,000	1,001,419	45,084	2,480	44,916	2,470	2,606,369
2021	1,555,000	948,419	45,084	845	44,916	842	2,595,106
2022	1,615,000	879,581	-	-	-	-	2,494,581
2023	1,695,000	805,306	-	-	-	-	2,500,306
2024-2028	9,625,000	2,828,897	-	-	-	-	12,453,897
2029-2031	6,935,000	504,331	-	-	-	-	7,439,331
	<u>24,400,000</u>	<u>8,015,884</u>	<u>137,757</u>	<u>7,367</u>	<u>137,243</u>	<u>7,339</u>	<u>32,705,590</u>
Unamortized Premium	89,721	-	1,981	-	1,780	-	93,482
Total	<u>\$ 24,489,721</u>	<u>\$ 8,015,884</u>	<u>\$ 139,738</u>	<u>\$ 7,367</u>	<u>\$ 139,023</u>	<u>\$ 7,339</u>	<u>\$ 32,799,072</u>

General Obligation Refunding Bonds, Series 2012			
Governmental activities			
Fiscal Year	Principal	Interest	Total
Ending			
2019	\$ 1,030,000	\$ 389,563	\$ 1,419,563
2020	1,050,000	389,963	1,439,963
2021	1,075,000	347,963	1,422,963
2022	1,110,000	315,713	1,425,713
2023	1,145,000	282,413	1,427,413
2024-2028	6,280,000	861,744	7,141,744
2029	1,385,000	46,744	1,431,744
	<u>13,075,000</u>	<u>2,634,103</u>	<u>15,709,103</u>
Unamortized Premium	151,270	-	151,270
Total	<u>\$ 13,226,270</u>	<u>\$ 2,634,103</u>	<u>\$ 15,860,373</u>

Utility System Refunding and Improvement Revenue Bonds, Series 2012			
Business-type activities			
Fiscal Year	Principal	Interest	Total
Ending			
2019	\$ 2,460,000	\$ 1,607,100	\$ 4,067,100
2020	2,525,000	1,494,775	4,019,775
2021	2,695,000	1,364,275	4,059,275
2022	2,865,000	1,225,275	4,090,275
2023	3,055,000	1,077,275	4,132,275
2024-2028	8,845,000	4,317,125	13,162,125
2029-2033	12,435,000	1,615,125	14,050,125
	<u>34,880,000</u>	<u>12,700,950</u>	<u>47,580,950</u>
Unamortized Premium	3,601,196	-	3,601,196
Total	<u>\$ 38,481,196</u>	<u>\$ 12,700,950</u>	<u>\$ 51,182,146</u>

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

B. Notes and Loans Payable:

1. Capital Improvement Revenue Note, Series 2009

On February 26, 2009, the variable rate Gulf Breeze Local Government Loan Program and Sunshine State Government Financing Commission loans were refinanced with a fixed rate loan from Branch Banking & Trust Company in the amount of \$29,942,000. Since the loans refunded were variable rate loans it is not possible to compare total debt service to the new debt. The note's final maturity is November 1, 2028.

On December 28, 2017, the City and Branch Banking and Trust Company (BB&T) executed a loan agreement in which BB&T voluntarily allowed the refunding of the Capital Improvement Revenue Note, Series 2009 and issued Capital Improvement Note, Series 2017 upon payment of 0.5 percent prepayment fee. Therefore, the remaining principal obligation on Series 2009 note at September 30, 2018 was \$-0-. Following are the notes related to this loan.

a. Governmental Activities – Downtown Redevelopment Trust Fund

The City refinanced the Sunshine State Government Financing Commission Loan with a 4.98% fixed rate loan from Branch Banking & Trust Company in the amount of \$2,286,832. The original proceeds were used for the Magnolia Street streetscape. Principal and interest are payable from the Downtown Redevelopment Trust Fund tax increment revenues. The City has covenanted and agreed to budget and appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required. This portion of the note's final maturity is November 1, 2028. A liability is recorded in the governmental activities section of the government-wide statement of net position. Due to refunding, the remaining principal balance at September 30, 2018 was \$-0-.

b. Business-Type Activities – Water and Sewer System Fund

The City refinanced the Sunshine State Government Financing Commission Loan with a 4.98% fixed rate loan from Branch Banking & Trust Company in the amount of \$15,392,000 to finance certain water and sewer system improvements. The reacquisition price exceeded the net carrying amount of the old debt by \$61,855. This amount is being netted against the new debt and amortized over the term of the new debt issued. Principal and interest are payable from water and sewer net operating revenues; additionally, the City has covenanted and agreed to budget and appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required. The Water and Sewer portion of the note's principal payments are deferred until FY 2018-19. This portion of the note's final maturity is November 1, 2024. A liability is recorded in the business-type activities section of the government-wide statement of net position. Due to refunding, the remaining principal balance at September 30, 2018 was \$-0-.

c. Business-Type Activities – Halifax Harbor Fund

The City refinanced the Sunshine State Government Financing Commission Loan with a 4.98% fixed rate loan from Branch Banking & Trust Company in the amount of \$9,605,168. The original proceeds were used to finance the construction of the Halifax Harbor Marina. The reacquisition price exceeded the net carrying amount of the old debt by \$43,003. This amount is being netted against the new debt and amortized over the term of the new debt issued. The principal and interest on this loan are payable from marina operating revenues; additionally, the City has covenanted and agreed to budget and

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

B. Notes and Loans Payable (continued):

1. Capital Improvement Revenue Note, Series 2009 (continued)

c. Business-Type Activities – Halifax Harbor Fund (continued)

appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required. This portion of the note's final maturity is November 1, 2028. A liability is recorded in the business-type activities section of the government-wide statement of net position. Due to refunding, the remaining principal balance at September 30, 2018 was \$-0-.

2. Capital Improvement Revenue Note, Series 2017

On December 28, 2017, the City of Daytona Beach issued Capital Improvement Revenue Note, Series 2017 in the amount of \$23,655,000 for the purpose of refunding Capital Improvement Revenue Note, Series 2009 of \$23,483,000. The reacquisition price exceeded the net carrying amount of the old debt by \$244,677. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The City reduced its total debt payments over 11 years by \$1,835,832 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,635,682. Following are the notes related to this loan.

a. Governmental Activities – Downtown Redevelopment Trust Fund

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company in the amount of \$1,568,000. The reacquisition price exceeded the net carrying amount of the old debt by \$12,268. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The City reduced its total debt payments over 11 years by \$159,385 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$135,129. The original proceeds were used for the Magnolia Street streetscape. Principal and interest are payable from the Downtown Redevelopment Trust Fund tax increment revenues. The City has covenanted and agreed to budget and appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required. This portion of the note's final maturity is November 1, 2028. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$1,568,000.

b. Business-Type Activities – Water and Sewer System Fund

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company in the amount of \$15,504,000. The reacquisition price exceeded the net carrying amount of the old debt by \$156,473. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The City reduced its total debt payments over 7 years by \$1,003,574 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$929,853. The original proceeds were used to finance certain water and sewer system improvements. Principal and interest are payable from water and sewer net operating revenues; additionally, the City has covenanted and agreed to budget and appropriate sufficient amounts of non- ad valorem revenues

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

B. Notes and Loans Payable (continued):

4. Capital Improvement Revenue Note, Series 2017 (continued)

b. Business-Type Activities – Water and Sewer System Fund (continued)

to satisfy any loan payments required. This portion of the note's final maturity is November 1, 2024. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$15,504,000.

c. Business-Type Activities – Halifax Harbor Fund

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company in the amount of \$6,583,000. The reacquisition price exceeded the net carrying amount of the old debt by \$75,936. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The City reduced its total debt payments over 11 years by \$672,873, which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$570,700. The principal and interest on this loan are payable from marina operating revenues; additionally, the City has covenanted and agreed to budget and appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required. This portion of the note's final maturity is November 1, 2028. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$6,583,000.

3. Capital Improvement Revenue Note, Series 2010 – (Governmental Activities)

On June 10, 2010, the City entered into a loan agreement with SunTrust Bank for \$9,345,000 at a fixed interest rate of 3.38% for the purpose of financing the costs of the Midtown Cultural and Educational Center, street and sidewalk enhancements located within the Midtown Redevelopment area, and street and sidewalk enhancements located outside the Midtown Redevelopment area. On October 20, 2016, an allonge to the loan agreement between the City and SunTrust Bank was executed which amended the interest rate of the series 2010 note changed from 3.38 percent to 2.40 percent for the remaining term. An economic gain (difference between the present values of the debt service payments on the old and new debt) of \$271,148 was realized on the transaction. Tax Cuts and Jobs Act that took effect on January 1, 2018 reduced the corporate tax rate to 21 percent from a maximum rate of 35 percent. As a result, the interest rate on the loan has changed from 2.40 percent to 2.92 percent for the remaining term. Principal and interest are payable from the Recreation/Parks/Culture Impact Fee Fund, the Midtown Redevelopment Trust Fund, and the Transportation 5-Cent Gas Tax Fund. The note's final maturity is November 1, 2024. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$5,222,744.

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

B. Notes and Loans Payable (continued):

4. Subordinate Utility System Revenue Note, Series 2016 – (Business-Type Activities)

On April 6, 2016, the City entered into loan agreement with Ameris Bank and issued Subordinate Utility System Revenue Note, Series 2016 in an amount not to exceed \$6,550,000. Interest will accrue on principal amounts drawn down by the City over the initial eighteen months of the loan. Of the amount financed, the City has drawn down \$6,550,000, to be repaid over fifteen years with the first semi-annual payment due November 1, 2017 with a final maturity date of November 1, 2031. The Note has a fixed interest rate of 2.44% per annum. A final draw for \$3,730,000 was received on October 4, 2017. The debt was issued to finance the acquisition of emergency generators and plant process equipment for the City's Water and Wastewater Plants. Debt service payments are payable solely from net revenues of the City's Water and Sewer revenues. The remaining principal balance at September 30, 2018 was \$6,425,000.

5. State Revolving Fund Loans – (Business-Type Activities):

a. Stormwater Improvement Fund

On October 30, 2000, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$8,625,000 to be used for the construction of stormwater retention ponds and South Street storm sewer replacement. The interest rate for the authorized loan is 1.665%. Of the amount awarded, the City has drawn down \$7,167,206, to be paid semi-annually over a 20-year period ending October 15, 2022. Principal and interest are payable from stormwater operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$1,328,860.

On December 18, 2012, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$1,352,754 to be used for designing Midtown redevelopment area stormwater remediation. The interest rate for the authorized loan is 1.72%. Of the amount awarded, the City has drawn down \$876,928, to be paid semi-annually over a 20-year period beginning January 15, 2016 and ending July 15, 2035. Principal and interest are payable from stormwater operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$702,230, which includes capitalized interest of \$33,578.

b. Water and Sewer System Fund

On December 18, 2012, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$1,307,607 to be used for improvements to Orange Avenue and Lift Station 10 and related force main improvements. The interest rate for the authorized loan is 1.72%. During FY 2013-14 the loan was amended and the City was awarded an additional \$20,555,192 at an interest rate of 2.25% to begin the construction phase. On August 30, 2018 a final amendment reduced the total amount awarded to \$20,058,061 and adjusted the semi-annual debt service payment amount. Of the amount awarded, the City has drawn down \$18,989,740, accrued \$688,526 of capitalized interest and \$379,795 in service fees, The loan will be paid semi-annually over a 20 year period beginning July 15, 2017 and ending January 15, 2037.

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

5. State Revolving Fund Loans – (Business-Type Activities) (continued):

b. Water and Sewer System Fund (continued)

Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$18,146,377, which includes capitalized interest of \$688,526.

On December 11, 2013, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Drinking Water loan of \$2,919,239, to be used for design and construction improvements to Orange Avenue water main infrastructure. The interest rate for the authorized loan is 2.59%. During FY 2013-14 the loan was amended and the City was awarded an additional \$1,621,537 at an interest rate of 2.44%. Of the amount awarded totaling \$4,540,776, the City has drawn down \$3,002,833 to be paid beginning July 15, 2017 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$2,835,995 which includes capitalized interest of \$90,661.

On December 24, 2014, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$1,337,266, to be used for Beach Street force main and Regional Wastewater Treatment plant improvements. The interest rate for the authorized loan is 1.99%. During FY 2016-17 and FY 2017-18 the loan was amended with additional awards of \$29,782,429 and \$10,173,129, respectively, authorized for disbursement at an interest rate of zero percent. Of the amount awarded for disbursement totaling \$31,119,695, the City has drawn down \$1,959,700 to be paid beginning August 15, 2020 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$1,997,094, which includes capitalized interest of \$37,394.

On March 17, 2017, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$4,253,714, to be used for the design and construction of the Halifax River Force Main. The interest rate for the authorized loan is 0.00%. Of the amount awarded totaling \$4,253,714, the City has drawn down \$3,489,307 with the first payment to be paid beginning January 15, 2019 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2018 was \$3,489,307, and no capitalized interest has been incurred.

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

B. Notes and Loans Payable (continued):

Annual debt service requirements to maturity for notes and loans payable are as follows:

Fiscal Year Ending	Notes and Loans Payable						Total
	Governmental Activities		Business-Type Activities				
	Bank Notes		Bank Notes		State Revolving Fund Loan		
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 791,616	\$ 170,675	\$ 2,581,000	\$ 893,681	\$ 1,093,580	\$ 1,022,333	\$ 6,552,885
2020	819,741	149,954	2,735,000	801,073	1,576,924	538,989	6,621,681
2021	847,661	128,509	2,904,000	702,830	1,652,484	524,194	6,759,678
2022	876,404	106,338	2,968,000	600,518	1,730,161	507,282	6,788,703
2023	906,997	83,404	3,029,000	496,049	1,608,083	469,147	6,592,680
2024-2028	2,380,325	137,982	10,629,000	1,129,113	7,617,475	1,893,250	23,787,145
2029-2033	168,000	2,974	3,666,000	160,604	7,381,925	1,031,773	12,411,276
2034-2038	-	-	-	-	5,544,269	243,644	5,787,913
2039-2041	-	-	-	-	294,962	8,863	303,825
Total	<u>\$ 6,790,744</u>	<u>\$ 779,836</u>	<u>\$ 28,512,000</u>	<u>\$ 4,783,868</u>	<u>\$ 28,499,863</u>	<u>\$ 6,239,475</u>	<u>\$ 75,605,786</u>

(The remainder of this page is intentionally left blank)

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2018

NOTE 11 – LONG-TERM DEBT AND LIABILITIES (CONTINUED)

C. Changes in Long-Term Debt and Liabilities:

Following is a summary of the changes in long-term debt and liabilities for the fiscal year ended September 30, 2018:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental activities (Includes internal service funds):					
Bonds, loans and notes:					
Revenue bonds payable (net).... \$	26,112,827	\$ -	\$ (1,483,368)	\$ 24,629,459	\$ 1,512,588
General obligation bonds	14,245,022	-	(1,018,752)	13,226,270	1,030,000
Total bonds payable (net).....	40,357,849	-	(2,502,120)	37,855,729	2,542,588
Notes	7,533,322	1,568,000	(2,310,578)	6,790,744	791,616
Leases	2,163,364	450,000	(304,351)	2,309,013	363,537
Total bonds, loans and notes.....	50,054,535	2,018,000	(5,117,049)	46,955,486	3,697,741
Net pension liability	87,819,152	-	(4,950,594)	82,868,558	-
Insurance claims payable	8,965,000	4,149,560	(3,374,560)	9,740,000	1,927,000
Other liabilities:					
Compensated absences.....	6,287,961	3,823,813	(3,827,200)	6,284,574	2,051,254
Other post-employment benefits....	3,937,470	484,530	(229,744)	4,192,256	-
Total other liabilities	10,225,431	4,308,343	(4,056,944)	10,476,830	2,051,254
Total - governmental activities	\$ 157,064,118	\$ 10,475,903	\$ (17,499,147)	\$ 150,040,874	\$ 7,675,995
Business-type activities					
Bonds, loans and notes:					
Revenue bonds payable (net).... \$	43,358,275	\$ -	\$ (4,738,056)	\$ 38,620,219	\$ 2,507,411
Notes	25,185,682	25,817,000	(22,490,682)	28,512,000	2,581,000
State Revolving Fund loans.....	26,426,080	3,671,948	(1,598,165)	28,499,863	1,093,580
Total bonds, loans and notes.....	94,970,037	29,488,948	(28,826,903)	95,632,082	6,181,991
Net pension liability	9,637,766	5,478,426	(5,531,081)	9,585,111	-
Other liabilities:					
Landfill closure and post-closure.....	208,095	-	(43,439)	164,656	-
Pollution remediation	88,574	22,166	(88,574)	22,166	-
Compensated absences.....	1,587,258	1,018,476	(1,038,805)	1,566,929	602,392
Other post-employment benefits....	1,234,017	144,225	(68,386)	1,309,856	-
Total other liabilities	3,117,944	1,184,867	(1,239,204)	3,063,607	602,392
Total - business type activities	\$ 107,725,747	\$ 36,152,241	\$ (35,597,188)	\$ 108,280,800	\$ 6,784,383

At September 30, 2018, the following long-term liabilities for internal service funds are included as part of the above totals for governmental activities: net pension liability of \$3,393,553, insurance claims payable of \$9,740,000, compensated absences of \$627,526, and other post-employment benefits of \$329,924. For governmental activities, long-term liabilities other than debt related liabilities are liquidated primarily by the General Fund and Internal Service Funds. Landfill closure, post-closure and pollution remediation costs are liquidated by the Solid Waste Fund.

NOTE 12 - DISCOUNT, PREMIUM, PREPAID BOND INSURANCE COSTS AND DEFERRED AMOUNT ON REFUNDING

At September 30, 2018, the balance of unamortized bond discount/premium, prepaid bond insurance costs, and deferred amount on refunding consisted of the following:

Description	Original Amount	Accumulated Amortization	Unamortized Amount
Governmental activities:			
Bond (premium).....	\$ (397,534)	\$ 154,562	\$ (242,972)
Prepaid insurance costs - bonds.....	150,082	(86,036)	64,046
Deferred amount on refunding.....	<u>1,237,489</u>	<u>(633,701)</u>	<u>603,788</u>
Total governmental activities.....	<u>\$ 990,037</u>	<u>\$ (565,175)</u>	<u>\$ 424,862</u>
Business-type activities:			
Bond (premium).....	\$ (6,311,785)	\$ 2,708,809	\$ (3,602,976)
Prepaid insurance costs - bonds.....	209,183	(112,521)	96,662
Deferred amount on refunding.....	<u>2,622,605</u>	<u>(1,199,466)</u>	<u>1,423,139</u>
Total business-type activities.....	<u>\$ (3,479,997)</u>	<u>\$ 1,396,822</u>	<u>\$ (2,083,175)</u>

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters.

Self-Insurance Program

The City is self-insured for most liability exposures to reduce insurance costs and provide a means of controlling workers' compensation and liability claims. General, special revenue and proprietary funds are charged premiums by the Consolidated Insurance Fund which is accounted for as an internal service fund. The accrued liability for insurance claims represents an estimate of the probable loss on claims arising prior to fiscal year-end. These losses include an estimate of claims that have been incurred but not reported. This liability is the City's best estimate based on annual actuarial studies and does not result in an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The estimated claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. At September 30, 2018, the amount of these liabilities discounted at 2.5 percent was \$9,740,000; the current portion of this amount was \$1,927,000.

Changes in the reported claims liability since October 1, 2015, were as follows:

Fiscal Year Ending	Balance at October 1,	Current Year Claims and Changes in Estimates	Claims Paid	Balance at September 30,
2018	\$ 8,965,000	\$ 4,149,560	\$ (3,374,560)	\$ 9,740,000
2017	8,924,000	3,104,169	(3,063,169)	8,965,000
2016	9,026,000	2,191,408	(2,293,408)	8,924,000

NOTE 13 – RISK MANAGEMENT (CONTINUED)

At September 30, 2018, the Consolidated Insurance Fund held cash and investments of \$9,682,798 for the purpose of funding future claims liabilities. This balance would fund 100 percent of the short term portion of claims payable and 99 percent of the total claims liability. Settled claims have not exceeded the excess insurance limits or commercial coverage in the past three fiscal years.

The City is self-insured for its workers' compensation and most of its liability exposures. For claims arising after March 1, 1999 through April 15, 2013, the City has purchased excess liability coverage with a \$5,000,000 per occurrence limit and \$10,000,000 policy aggregate limit of liability and statutory limits for workers' compensation coverage. For claims arising after April 15, 2013 to present, the City has purchased excess liability coverage with a \$2,500,000 per occurrence limit and \$5,000,000 policy aggregate limit of liability and statutory limits for workers' compensation coverage. The current coverage is maintained with self-insured retentions of \$1,000,000 per occurrence for workers' compensation claims, \$200,000/\$300,000 per occurrence for liability claims falling under Section 768.28, Florida Statutes, and \$350,000 per occurrence for liability claims not falling under Section 768.28, Florida Statutes.

The City also purchases medical malpractice coverage for the City's EMTs and paramedics with a \$1,000,000 per professional incident/\$1,000,000 aggregate limit of liability and a \$2,500 deductible.

Insurable real and personal properties are covered under three (3) separate insurance policies. The Landmark American Insurance Company policy covers City properties valued at \$218,891,604 for all perils other than named windstorm and earthquake with a \$50,000,000 limit of coverage. The deductible for the covered perils is \$25,000. The Landmark policy provides a sublimit of flood coverage of \$1,000,000 per occurrence and annual aggregate with a 5% of affected properties deductible subject to a minimum of \$500,000 per occurrence. The Preferred Governmental Insurance Trust (PGIT) policy covers selected City properties valued at \$86,904,978 for all perils including named windstorm, earthquake and flood. Named windstorm has a 3% total insured value with a minimum \$35,000 deductible (whichever is greater) and flood has a 5% of total insured value of affected properties with a minimum \$25,000 deductible (whichever is greater). All other perils have a \$25,000 deductible. Named windstorm covers the buildings at their reported value, while flood coverage is limited to \$2,000,000 and earthquake has a limit of \$1,000,000. A third policy with Arch Specialty Insurance provides a layer of protection for the buildings insured under the Landmark policy for \$1,000,000 in named storm and additional flood coverage with a 5% deductible at each location subject to a minimum of \$250,000 per occurrence .

Boiler and machinery coverage is purchased separately and is maintained with a \$100,000,000 limit of liability and a \$7,500 deductible. The City maintains a crime policy in the amount of \$10,000,000 with a \$50,000 deductible for employee theft. Additionally, the City maintains other miscellaneous liability and property policies for certain specialized risks.

Other Insurance

The City carries third-party, commercial insurance for liability exposures not covered by the City's self-insurance program, including health insurance.

(The remainder of this page is intentionally left blank)

NOTE 14 - SOLID WASTE CLOSURE AND POST-CLOSURE CARE

The City is required by state and federal laws and regulations to place a final cover on its construction and demolition debris landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post-closure care noncurrent liability was \$164,656 at September 30, 2018, and represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and post-closure care in FY 2017-18. The City expects to close the landfill in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in laws or regulations.

The City is required by state and federal laws and regulations to make annual contributions to an escrow account to finance closure and post-closure care. The City is in compliance with these requirements and at September 30, 2018, investments of \$209,186 (fair value) were held for these purposes. These investments are reported as restricted assets in the Solid Waste Management Fund. Additionally, the City's solid waste contractor pays the City a host fee of a \$1 per cubic yard received into the landfill or \$60,000 per fiscal year, whichever is greater. Those amounts received are also reported as a restricted asset to be used for landfill closure and post-closure care. Cash restricted for landfill host fee revenue totaled \$531,010 at September 30, 2018. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

NOTE 15 – POLLUTION REMEDIATION

In accordance with State law, the City is currently responsible for site assessments of four (4) properties to determine if contamination exists. The properties include: 1) the former Clyde Morris landfill site, 2) the City's former police station, 3) Riverfront Park, and 4) a certain portion of Orange Avenue. The estimated cost of these assessments is \$22,166, and a noncurrent liability for pollution remediation has been recorded in the Solid Waste Management Fund. The estimated liability was based on the costs of the contractual services to be performed for remediation and assumes no unexpected change orders. Re-measurement of the liabilities is required when new information indicates changes in estimated outlays.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Various suits and claims arising in the ordinary course of the City's operations are pending against the City. The ultimate effect of such litigation cannot be ascertained at this time. Management has estimated these suits and claims to have an immaterial effect on the City's financial statements at September 30, 2018.

(The remainder of this page is intentionally left blank)

NOTE 17 – TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program, authorized by the City of Daytona Beach Resolution 13-313 and Florida Statutes 196.1995. Under this program, the City grants property tax abatements ranging from 100% to 25% for a period from one to ten years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applicants on the number of employees, average payroll, capital investment, and additional high economic impact factors, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in the Florida Statutes Section 196.012.

For the fiscal year ending September 30, 2018, the City abated 2017 property taxes to five businesses at four locations totaling \$234,173.

NOTE 18 – RETIREMENT PLANS

A. Pension Plans

The City follows GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided Through Trusts That Meet Specified Criteria* for reporting financial statement amounts related to pensions. The City participates in the following pension plans:

Administered by:	Defined Benefit Pension Plans	Defined Contribution Pension Plans
State of Florida	<ul style="list-style-type: none"> • Florida Retirement System (FRS) • Retiree Health Insurance Subsidy Program (HIS) 	<ul style="list-style-type: none"> • FRS Investment Plan
Police and Fire Pension Board	<ul style="list-style-type: none"> • Police and Fire Pension Plan 	N/A
International City Managers Association Retirement Corporation (ICMA)	N/A	<ul style="list-style-type: none"> • ICMA Deferred Compensation Plan

The City includes on its financial statements a net pension liability related to the employer’s proportionate share of the net pension liabilities for the FRS, HIS and Police and Fire defined benefit pension plans.

B. Defined Benefit Pension Plans

1. Florida Retirement System (FRS) Defined Benefit Pension

The City participates in a defined benefit pension plan that is administered by the State of Florida, Department of Management Services, Division of Retirement. The plan provides retirement, disability or death benefits and annual cost-of-living adjustments to eligible participants. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report is available from the Florida Department of Management Services’ website (www.dms.myflorida.com) or by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

1. Florida Retirement System (FRS) Defined Benefit Pension (continued)

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership under Section 121.051(2)(b)(1) Florida Statutes allows participation by cities. All general full-time employees hired prior to December 31, 1995 and subsequent to May 1, 2005, participate in the plan.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Benefits under the HIS Program are not guaranteed and are subject to annual State legislature approval. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS exclusive of the DROP plan which has 0%. Also, there are no employee contributions to the HIS program. The employer's contribution rates are updated as of July 1 of each year. The employer contribution rates, which include the HIS rate of 1.66%, by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular 7.92% and 8.26%; Special Risk 23.27% and 24.50%; Senior Management Service 22.71% and 24.06%; Elected Officials 45.50% and 48.70%; DROP participants 13.26% and 14.03%.

The employer's contributions for the year ended September 30, 2018, were \$1,872,544 to the FRS and \$435,220 to the HIS. Employees contributed \$645,162 to the FRS for the year ended September 30, 2018.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

1. Florida Retirement System (FRS) Defined Benefit Pension (continued)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2018. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 19,238,873	\$ 8,378,945
Proportionate share:		
At current measurement date	0.06387%	0.0792%
At prior measurement date	0.06518%	0.0794%
Pension expense (benefit)	\$ 3,412,884	\$ 671,141

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,629,822	\$ (59,155)	\$ 128,278	\$ (14,236)
Changes of assumptions	6,286,329	-	931,842	(885,892)
Net difference between projected and actual earnings on pension plan investments	-	(1,486,438)	5,058	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	259,800	(348,542)	297,851	(51,422)
Employer contributions subsequent to the measurement date	506,394	-	112,688	-
Total	\$ 8,682,345	\$ (1,894,135)	\$ 1,475,717	\$ (951,550)

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

1. Florida Retirement System (FRS) Defined Benefit Pension (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2019	\$ 2,449,908	\$ 288,035
2020	1,633,272	283,921
2021	251,273	201,625
2022	1,067,909	45,263
2023	753,818	(279,806)
Thereafter	125,636	(127,559)
Total	\$ 6,281,816	\$ 411,479

Actuarial Assumptions

The total pension liability for both FRS and HIS plans measured as of June 30, 2018, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Municipal bond index note	N/A	3.87%
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2018 were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected investment rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

1. Florida Retirement System (FRS) Defined Benefit Pension (continued)

For the FRS plan, the long-term expected investment rate of return assumption of 7.00 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.40 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration’s investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2018 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 7.00 percent reported investment return assumption differs from the 7.4 percent investment return assumption chosen by the 2018 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS’ 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 calculating the total pension liability is equal to the long-term expected rate of return.

Health Insurance Subsidy (HIS)

The HIS Plan is essentially funded on a pay-as-you go basis. As such, there is no assumption for a long-term expected investment rate of return on a portfolio, no assumptions for cash flows into and out of the plan or assumed asset allocation.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

1. Florida Retirement System (FRS) Defined Benefit Pension (continued)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer's proportionate share of the net pension liability	\$ 35,111,757	\$ 19,238,873	\$ 6,055,511	\$ 9,543,128	\$ 8,378,945	\$ 7,408,532

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial reports. (<http://www.myfloridacfo.com/Division/AA/Reports/>).

(The remainder of this page is intentionally left blank)

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

2. Police Officers and Firefighters Defined Benefit Pension Plan:

Plan Description: The Police and Fire Pension Plan (the Plan) is a single-employer defined benefit pension plan for police officers and firefighters and is administered by the Police and Fire Pension Board, appointed by the City Commission. The Police and Fire Pension Trust Fund contains the assets of the combined police and fire defined benefit pension plan. The Plan was established in 1959 under the Code of Ordinances for the City of Daytona Beach, Florida. Subpart C Sections 1-35 and Subpart D Sections 1-28 were amended on August 6, 2014, to change the maximum period of DROP to 60 months under Ordinance No. 14-228 and allow firefighter members not yet in DROP to participate under Ordinance No. 14-227. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes, and the Internal Revenue Service. To qualify for normal retirement benefits, members hired prior to August 6, 2014 must have 20 years of credited service, or at age 55 with 10 years of credited service. Members hired on or after August 6, 2014, must have 25 years of credited service or at age 55 with 10 years of credited service.

Plan Membership: Membership in the Plan consisted of the following at October 1, 2017, the most recent actuarial valuation date:

	<u>Plan Membership</u>
Inactive Plan members and beneficiaries currently receiving benefits	398
Inactive Plan members entitled to but not yet receiving benefits	28
Active Plan members	<u>300</u>
Total members	<u>726</u>

Benefits Provided: The funding methods and determination of benefits payable are provided in the various sections of the City Charter and various acts of the Florida State Legislature, which created the funds, including subsequent amendments thereto. Retirement benefits include normal retirement, death, and disability. The Plan does not provide for ad-hoc cost-of-living increases.

Police officer members who are eligible for normal retirement as of September 30, 2011, will receive retirement benefits equal to 3.38% of average final compensation for each year of credited service. Police officer members not eligible for normal retirement as of September 30, 2011, will receive retirement benefits equal to 3% of average final compensation for each year of credited service after September 30, 2011 and 3.38% of average final compensation for each year of credited service before September 30, 2011 up to a maximum of 90% of average final compensation (but not less than 2% of average final compensation for each year of credited service).

Firefighters who are eligible for normal retirement as of September 18, 2012, will receive retirement benefits equal to 3.5% of average final compensation for each year of credited service. Firefighter members not eligible for normal retirement as of September 18, 2012, will receive benefits equal to 3% of average final compensation for each year of credited service on or after September 19, 2012 and 3.5% of average final compensation for each year of credited service before September 19, 2012, up to a maximum of 90% of average final compensation, (but not less than 2% of average final compensation for each year of credited service).

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

2. Police Officers and Firefighters Defined Benefit Pension Plan (continued):

Contributions: The City Charter provides, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investments of accumulated funds. Police officers are required to contribute 10.0% of compensation and firefighters are required to contribute 9.7% of compensation. The City is required to contribute amounts necessary, on an actuarial basis, to fund the Plan’s expenses. Contribution requirements to the Plan are established during the adoption of the City’s annual budget. They are predicated on maintaining a level contribution to the Plan as long as the annual pension cost obligation is met or exceeded. Authority to establish and amend contribution requirements rests with the City Commission. For the fiscal year ended September 30, 2018, total pension expense was \$11,432,280, and the City recognized as revenue, total contributions to the Plan of \$10,409,497 which consisted of the following:

	<u>Plan Contributions</u>
Employer	\$ 7,794,395
Member	1,677,177
Nonemployer contributing entity	<u>937,925</u>
Total contributions	<u>\$ 10,409,497</u>

The Police and Fire Pension Trust Fund issues a publicly available financial report, including financial statements and required supplementary information. That report contains the required disclosures of GASB Statement No. 68, “*Accounting and Financial Reporting for Pension Plans*”. The report may be obtained by writing to The City of Daytona Beach, Police and Fire Pension Board, c/o Finance Department, P.O. Box 2451, Daytona Beach, Florida 32115-2451.

Plan Investment Policies and Allocation of Plan Investments: The Plan’s investments are managed under the direction of the Police and Fire Pension Board. All investments are reported at fair value. As of September 30, 2018, the investments of the Plan were allocated as follows:

<u>Investment</u>	<u>Percent of Pension Portfolio</u>
Domestic equities	25.0%
Fixed income	22.0%
Real estate	10.0%
Alternative investments	18.0%
International equities	<u>25.0%</u>
Total investments	<u>100.0%</u>

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

2. Police Officers and Firefighters Defined Benefit Pension Plan (continued):

Money-Weighted Rate of Return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments was 7.68%.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The City’s net pension liability for the Plan was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the Plan’s net pension liability at September 30, 2018, along with the changes from the prior year were as follows:

	Increase / (Decrease)		
	Total Pension Liability (a)	Pension Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at September 30, 2017	\$ 244,881,689	\$ 175,194,639	\$ 69,687,050
Changes for the fiscal year:			
Service cost	3,315,488	-	3,315,488
Interest	18,050,280	-	18,050,280
Difference between expected and actual experience	(1,579,758)	-	(1,579,758)
Changes of assumptions	-	-	-
Contributions – employer	-	7,794,395	(7,794,395)
Contributions – member	-	1,677,177	(1,677,177)
Contributions – nonemployer contributing member	-	937,925	(937,925)
Contributions – Buy Back	39,150	39,150	-
Net investment income	-	13,601,101	(13,601,101)
Benefit payments, including refunds of member contributions	(15,053,567)	(15,053,567)	-
Administrative expenses	-	(382,480)	382,480
Other income (expense)	-	1,009,091	(1,009,091)
Net change	<u>4,771,593</u>	<u>9,622,792</u>	<u>(4,851,199)</u>
Balance at September 30, 2018	<u>\$ 249,653,282</u>	<u>\$ 184,817,431</u>	<u>\$ 64,835,851</u>

Plan fiduciary net position as a percentage of the total pension liability: 74.03%

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$11,432,280.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

2. Police Officers and Firefighters Defined Benefit Pension Plan (continued):

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,119,683	\$ (1,226,345)
Changes of Assumptions	3,416,633	-
Net difference between projected and actual earnings on pension plan investments	611,882	-
Total	\$ 7,148,198	\$ (1,226,345)

Amounts reported for the Plan as deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending September 30, as follows:

Fiscal Year	Deferred Outflow/Deferred (Inflow)
2019	\$ 5,322,873
2020	1,976,556
2021	(1,247,867)
2022	(129,709)
Total	\$ 5,921,853

The City’s total pension liability for the Plan was determined by an actuarial valuation as of the valuation date and calculated based on the discount rate and actuarial assumptions as follows:

Valuation date	October 1, 2016 (AIS 07/22/2017)
Measurement date	September 30, 2018
Actuarial cost method	Individual Entry Age Normal
Expected long-term rate of return	7.50%
Discount rate	7.50%
Municipal bond rate	N/A
Inflation	2.75%
Annual Pay Increases	Seniority/merit scale rates from 0.00% to 3.00%
Ad-hoc cost-of-living increase	N/A
Mortality rates:	
Healthy	FRS special risk mortality projected with scale BB generationally
Disabled	FRS disabled mortality (no projection scale).
Experience study	July 22, 2015

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

2. Police Officers and Firefighters Defined Benefit Pension Plan (continued):

Expected Long-Term Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2018 are summarized as follows:

Asset Class	Target Allocation	Expected Long-Term Rate of Return
Domestic equities	25.0%	5.70%
Fixed income	22.0%	3.60%
Real estate	10.0%	5.50%
Alternative investments	18.0%	7.50%
International equities	25.0%	6.50%
Total	100.0%	

The long-term expected rate of return is 7.50%.

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contribution will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan net pension liability	\$ 93,520,624	\$ 64,835,851	\$ 40,957,500

NOTE 18 – RETIREMENT PLANS (CONTINUED)

C. Defined Contribution Plan:

1. Florida Retirement System Defined Contribution Investment Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Employees are required to contribute 3.00% of their salary. Required employer contributions made to the plan during the year ended September 30, 2018 totaled \$458,444. Employee contributions totaled \$77,233 during the same period.

2. ICMA Deferred Compensation Defined Contribution Investment Plan

Beginning January 1, 1996 and ending April 30, 2005, the City provided pension benefits to new general employees through a defined contribution plan administered by the International City Managers Association Retirement Corporation (ICMA). In a defined contribution plan, benefits depend solely on amounts contributed plus investment earnings. The authority for establishing and amending the funding policy by resolution resides with the City Commission. The City’s contribution for each employee vests starting in the third year with full vesting after seven (7) years. For the fiscal year ending September 30, 2018, there were a total of 19 employees participating in the plan with a covered payroll of \$1,184,016. Employees do not contribute into this plan. The City contributed 8.26% effective July 1, 2018 of covered employees’ gross wages for general employees. City contributions for the fiscal year ending September 30, 2018 totaled \$91,050.

D. Pension Expense Summary:

The total of the City’s pension expense for the fiscal year ended September 30, 2018 is as follows:

Plan Description	Pension Expense
Defined Benefit Plans:	
FRS Pension Plan	\$ 3,412,884
Retiree Health Insurance Subsidy Program (HIS)	671,141
Police Officers’ and Firefighters’ Pension Plan	11,432,280
Total defined benefit pension expense	15,516,305
Defined Contribution Plan:	
FRS Investment Plan	458,444
ICMA Deferred Compensation Plan	91,050
Total defined contribution pension expense	549,494
Total Pension Expense	\$ 16,065,799

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City’s other post-employment benefits (OPEB) are presented in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended. The provisions of this pronouncement were implemented prospectively.

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description – Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the single-employer benefit health insurance program (the Plan) for retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Optional post-employment benefits are provided to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all regular employees of the City who retire from active service under a pension plan sponsored by the City. Under certain conditions eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy – The City Commission is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contribution levels. The City Commission establishes the contribution requirements of Plan members and the City. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost. Retirees must pay a monthly premium as determined by the insurance carrier, less any explicit subsidies that are provided by the City. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage. As of May 1, 2009, the City provides an explicit subsidy for a portion of the premium charged for dependent coverage. The current explicit subsidy is \$70.48 per month for a single dependent or \$134.43 per month for multiple dependents. The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to the City’s investment policy.

The City selected an interest discount rate of 3.90% per annum and is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of September 30, 2018. There are no separate trust funds or equivalent arrangements into which the City makes contributions to fund the OPEB obligations in advance as it does for its retiree pension plans.

Plan Membership – At October 1, 2017, OPEB membership consisted of the following:

Active Members	845
Retirees (including surviving spouses)	<u>160</u>
Total	1,005
Active Members Eligible for Benefits	123

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2018 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Assets	Not valued since benefit is unfunded. Assets are zero.
Expected Return on Assets	n/a
Inflation	n/a
Salary Increases	3.50% projected annual salary increase

The actuarial assumptions for fiscal year October 1, 2017 to September 30, 2018 were based on a valuation as of October 1, 2017 and projected to year end September 30, 2019. This valuation was based on census information provided in August 2018, reflected plan costs (rates) through April 2019 and decrement tables (assumptions) for turnover, disability and retirement based on the Florida Retirement System (FRS) Pension Plan actuarial valuation report with July 1, 2017 valuation date and with a December 1, 2017 issue date. Additional assumptions are included in the City’s GASB No. 75 Valuation Report with an issue date of October 23, 2018.

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The mortality table used for the current valuation was the RP 2014 Healthy Male and Female Tables based on the Combined Healthy Table for both pre and post-retirement with mortality improvement projected to the valuation date similar to the previous valuation, plus ten additional years for mortality projection consistent with current industry trends in the market.

Valuation date October 1, 2017
 Actuarial cost method Entry Age Normal as a Level Percentage of Payroll
 Discount rate 3.9%

Assumed healthcare cost trend rates:

	Year	Age Pre-65	Age Post-65
Year 1 Trend	October 1, 2019	9.0%	9.0%
Ultimate Trend	October 1, 2027 & Later	5.0	5.0
Grading Per Year	-	0.5	0.5

At September 30, 2018 the City of Daytona Beach reported a Total OPEB liability of \$5,502,113. The GASB 75 information has been provided as of the year ended September 30, 2018.

<u>Change in Net OPEB Liability</u>	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance Recognized as of Beginning of Year (End of Prior Year)	\$ 5,800,242	-	\$ 5,800,242
Changes Recognized for Fiscal Year			
Service Cost:	26,485	-	26,485
Interest	215,674	-	215,674
Benefit Payments	(540,288)	-	(540,288)
Net Changes:	(298,129)	-	(298,129)
Balance Recognized as of End Year - September 30, 2018	<u>\$ 5,502,113</u>	<u>-</u>	<u>\$ 5,502,113</u>

The primary driver of the liability decrease (gain) is due to the change in discount rate assumptions and plan costs since the prior valuation. The discount rate is based on the prescribed requirements under GASB 75 (3.50% September 30, 2017 to 3.90% September 30, 2018). This was partially offset by the changes in the liability due to the prescribed changes under GASB 75 for the actuarial cost method plus other changes in assumptions (e.g., decrement tables) and employee demographics since the prior valuation.

NOTE 19 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Total OPEB Liability – The following table represents the City’s total OPEB liability calculated using the discount rate of 3.90%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current rate.

	1% Decrease (2.90%)	Current Discount Rate (3.90%)	1% Increase (4.90%)
Total OPEB Liability	\$ 5,962,379	\$ 5,502,113	\$ 5,111,367

The following table represents the City’s total OPEB liability calculated using the health care cost trend rate of (9.00%), as well as what the City’s total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (8.00%) or one percentage point higher (10.00%) than the current rate.

	1% Decrease (8.00%)	Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB Liability	\$ 5,066,348	\$ 5,502,113	\$ 6,022,465

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

For the fiscal year ended September 30, 2018, the City of Daytona Beach recognized an OPEB expense of \$242,159. Deferred Inflows/Outflows of Resources reflects amounts resulting from experience gains/losses that have not been recognized in the current OPEB expense calculations, but will be potentially reflected in future years. Since this is the first year of implementation for GASB No. 75, no deferred inflows or outflow of resources are anticipated.

(The remainder of this page is intentionally left blank)

NOTE 20 – UNION AGREEMENTS

On December 5, 1991, the Florida Public Employees Relations Commission certified the International Association of Firefighters Union Local 1162 (IAFF) as the bargaining agent to represent firefighters, driver engineers, fire lieutenants and fire mechanics. On September 21, 2017, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2019.

On November 6, 2015, the Florida Public Employees Relations Commission certified the Coastal Florida PBA as the bargaining agent to represent full-time police officers and police sergeants. On September 21, 2017, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2019.

On November 23, 2010, the Florida Public Employees Relations Commission certified the Florida State Lodge, Fraternal Order of Police, Inc. as the bargaining agent to represent full-time police lieutenants. On September 21, 2017, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2019.

On April 27, 1995, the Florida Public Employees Relations Commission certified the American Federation of State, County and Municipal Employees (AFSCME) Council 79 as the bargaining agent to represent most general employees not represented by the other unions or classified as managerial, confidential, supervisory, professional, or temporary/seasonal. On September 21, 2017, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2019.

(The remainder of this page is intentionally left blank)

NOTE 21 – SEGMENT INFORMATION

In June 2011, the City issued Capital Improvement Revenue Bonds, Series 2011 A and B. The purpose of a portion of the Series B debt was to finance the Florida Tennis Center which is accounted for as an enterprise fund. Investors in the revenue bond rely on the revenue generated by the Florida Tennis Center for repayment of its portion.

Following is summary financial information for the fiscal year ended September 30, 2018:

Condensed Statement of Net Position
 Florida Tennis Center
 September 30, 2018

Assets:	
Current assets	\$ 42,879
Restricted assets.....	106,773
Capital assets (net).....	220,637
Other noncurrent assets	<u>689</u>
Total assets.....	<u>370,978</u>
Deferred Outflows of Resources:	
Deferred amount on refunding	1,603
Deferred amount for pensions	<u>47,206</u>
Total deferred outflows of resources	<u>48,809</u>
Liabilities:	
Current liabilities	112,523
Noncurrent liabilities	<u>2,247,680</u>
Total liabilities	<u>2,360,203</u>
Deferred Inflows of Resources:	
Deferred amount for pensions	<u>12,950</u>
Total deferred inflows of resources	<u>12,950</u>
Net Position (Deficit):	
Net investment in capital assets.....	83,406
Restricted for debt covenants	105,973
Unrestricted (deficit)	<u>(2,142,745)</u>
Total net position (deficit)	<u>\$ (1,953,366)</u>

NOTE 21 – SEGMENT INFORMATION (CONTINUED)

Condensed Statement of Revenue, Expense, and Change in Net Position
Florida Tennis Center
Fiscal Year Ended September 30, 2018

Charges for services.....	\$ 399,868
Other receipts.....	865
Depreciation expense.....	(54,178)
Other operating expense	<u>(535,681)</u>
Operating income (loss).....	(189,126)
Nonoperating revenue (expense):	
Income on investments	1,552
Interest expense	<u>(6,829)</u>
Income (loss) before transfers.....	(194,403)
Transfers in	<u>151,204</u>
Change in net position	(43,199)
Net position (deficit):	
Beginning	<u>(1,910,167)</u>
Ending	<u>\$ (1,953,366)</u>

Condensed Statement of Cash Flows
Florida Tennis Center
Fiscal Year Ended September 30, 2018

Net cash provided by (used for):	
Operating activities.....	\$ (96,932)
Noncapital financing activities	151,204
Capital and related financing activities	(56,686)
Investing activities.....	<u>1,552</u>
Net increase (decrease) in cash.....	(862)
Cash and cash equivalents:	
Beginning	<u>109,821</u>
Ending	<u>\$ 108,959</u>

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2018

NOTE 22 – ACCOUNTING CHANGES

Net position, beginning of year, as reported in the Statement of Activities, was restated for the effect of implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contributions under GASB Statement No. 45. The statement also requires additional disclosures in the notes to the financial statements and required supplementary information. See Note 19 - Other Postemployment Benefits (OPEB).

Details of the restatements are outlined below:

Government-wide Statements	Governmental Activities	Business-Type Activities	Government-Wide Total
Net OPEB obligation beginning of year, as previously reported	\$ 3,937,470	\$ 1,234,017	\$ 5,171,487
Restatement for implementation of GASB Statement No. 75	484,530	144,225	628,755
Total OPEB liability, beginning of year, as restated	<u>\$ 4,422,000</u>	<u>\$ 1,378,242</u>	<u>\$ 5,800,242</u>
Net position, beginning of year, as previously reported	\$ 27,579,796	\$ 84,927,667	\$ 112,507,463
Restatement for implementation of GASB Statement No. 75	(484,530)	(144,225)	(628,755)
Net position, beginning of year, as restated	<u>\$ 27,095,266</u>	<u>\$ 84,783,442</u>	<u>\$ 111,878,708</u>

Proprietary Fund Statements	Water and Sewer	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Net OPEB obligation beginning of year, as previously reported	\$ 806,483	\$ 34,850	\$ 209,173	\$ 183,511	\$ 1,234,017	\$ 306,964
Restatement for implementation of GASB Statement No. 75	113,096	2,040	20,357	8,732	144,225	43,665
Total OPEB liability, beginning of year, as restated	<u>\$ 919,579</u>	<u>\$ 36,890</u>	<u>\$ 229,530</u>	<u>\$ 192,243</u>	<u>\$ 1,378,242</u>	<u>\$ 350,629</u>
Net position, beginning of year, as previously reported	\$ 53,679,878	\$ 8,266,564	\$ 29,349,256	\$ (8,134,387)	\$ 83,161,311	\$ 385,863
Restatement for implementation of GASB Statement No. 75	(113,096)	(2,040)	(20,357)	(8,732)	(144,225)	(43,665)
Net position, beginning of year, as restated	<u>\$ 53,566,782</u>	<u>\$ 8,264,524</u>	<u>\$ 29,328,899</u>	<u>\$ (8,143,119)</u>	<u>\$ 83,017,086</u>	<u>\$ 342,198</u>

NOTE 23 – SUBSEQUENT EVENTS

A. Long-Term Debt – State Revolving Fund Loans – Stormwater Improvement Fund

In January 2019, a final amendment to State Revolving Fund Stormwater Improvement loan agreement, as described in Note 11.B.5.a., was signed which reduced the total amount of the loan from \$1,352,754 to \$928,045, which consists of \$876,928 disbursed to the City, \$33,578 of accrued capitalized interest and \$17,539 of service fee charges, and which adjusted the semi-annual debt service payment amount. Starting on January 15, 2019, the revised semi-annual payment amount is \$24,502 payable from the Stormwater Improvement Fund.

B. Long-Term Debt – State Revolving Fund Loans – Water and Sewer System Fund

On October 4, 2018, amendment 3 to State Revolving Fund Water and Sewer System loan agreement, as described in Note 11.B.5.b., was signed which increased the financing by \$12,475,190, excluding capitalized interest, from \$31,119,695 to \$43,594,885 at an interest rate of zero percent per annum and adjusted the debt service payment amount to be paid semi-annually over a 20-year period beginning August 15, 2021.

On December 17, 2018, a final amendment to State Revolving Fund Water and Sewer System loan agreement, as described in Note 11.B.5.b., was signed which reduced the total amount of the loan from \$4,253,714 to \$3,559,093, which consists of \$3,489,307 disbursed to the City, zero of accrued capitalized interest and \$69,786 of service fee charges, and adjusted the debt service payment amount to be paid semi-annually over a 20-year period beginning January 15, 2019 and ending July 15, 2038.

Additionally, on April 3, 2019, City Commission adopted an ordinance amending the not-to-exceed amount by \$12,500,000 from \$50,000,000 to \$62,500,000 for specific water and wastewater system improvements funded by State Revolving Fund (SRF) Clean Water loans to be paid from revenues of the Water and Sewer System Fund. As detailed in the above paragraphs, two loan agreements totaling \$47,153,978 have been awarded and a proposed new third project with an estimated loan value of \$7,824,182 has been proposed for listing on the FDEP Priority List in 2019. At least one additional project improvement is scheduled to be funded through the SRF loan program.

C. Construction contract – governmental activities

On November 7, 2018 the City commission awarded a project specific construction contract to the lowest responsive bidder, APM Construction Corporation, in the amount not to exceed \$4,336,300 for the construction of a shelter building and related equipment.

NOTE 24 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements address:

- Asset retirement obligations;
- Fiduciary activities;
- Leases;
- Disclosure related to debt; and
- Accounting for interest costs incurred before the end of a construction period.

The City is currently evaluating the effects that these statements will have on its financial statements.

(The remainder of this page is intentionally left blank)

Required Supplementary Information



THE CITY OF DAYTONA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
 LAST FIVE FISCAL YEARS
 (IN THOUSANDS OF DOLLARS)
 (UNAUDITED)

Florida Retirement System Pension Plan

	Plan Sponsor Measurement Date June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.6387%	0.0652%	0.0650%	0.0669%	0.0671%
Proportionate share of the net pension liability	\$ 19,239	\$ 19,280	\$ 16,413	\$ 8,639	\$ 4,092
* Covered payroll	\$ 26,370	\$ 24,762	\$ 23,934	\$ 22,672	\$ 22,270
Proportionate share of the net pension liability as a percentage of covered payroll	73%	78%	69%	38%	18%
Plan fiduciary net position as a percentage of the total pension liability	84%	84%	85%	92%	96%

Health Insurance Subsidy Program

	Plan Sponsor Measurement Date June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.7916%	0.0794%	0.0771%	0.0746%	0.0749%
Proportionate share of the net pension liability	\$ 8,379	\$ 8,489	\$ 8,989	\$ 7,612	\$ 7,005
* Covered payroll	\$ 26,370	\$ 24,762	\$ 23,934	\$ 22,672	\$ 22,270
Proportionate share of the net pension liability as a percentage of covered payroll	32%	34%	38%	34%	31%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

Note: The City implemented GASB No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available.

* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan active members, members in DROP and investment plan members.

THE CITY OF DAYTONA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
 LAST FIVE FISCAL YEARS
 (IN THOUSANDS OF DOLLARS)
 (UNAUDITED)

Florida Retirement System Pension Plan

	City Year Ended September 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,820	\$ 1,697	\$ 1,662	\$ 1,609	\$ 1,665
Contributions in relation to the contractually required contribution	<u>(1,820)</u>	<u>(1,697)</u>	<u>(1,662)</u>	<u>(1,609)</u>	<u>(1,665)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 26,319	\$ 25,673	\$ 24,608	\$ 22,845	\$ 22,264
Contributions as a percentage of covered payroll	6.92%	6.61%	6.76%	7.04%	7.48%

Health Insurance Subsidy Program

	City Year Ended September 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 429	\$ 420	\$ 405	\$ 310	\$ 264
Contributions in relation to the contractually required contribution	<u>(429)</u>	<u>(420)</u>	<u>(405)</u>	<u>(310)</u>	<u>(264)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
* Covered payroll	\$ 26,319	\$ 25,673	\$ 24,608	\$ 22,845	\$ 22,264
Contributions as a percentage of covered payroll	1.63%	1.64%	1.65%	1.36%	1.19%

Note: The City implemented GASB No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available.

* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan actives, members in DROP and investment plan members.

THE CITY OF DAYTONA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIRE PENSION TRUST FUND
LAST FIVE FISCAL YEARS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 3,316	\$ 3,105	\$ 3,060	\$ 3,107	\$ 2,905
Interest	18,050	16,816	16,282	15,930	15,353
Changes of benefit terms	-	-	-	-	2,647
Differences between expected and actual experience	(1,580)	4,300	2,424	(208)	(83)
Changes of assumptions	-	6,834	-	-	-
Contributions - Buy Back	39	-	-	-	-
Benefit payments, including refunds of employee contributions	(15,054)	(14,573)	(14,783)	(13,418)	(13,236)
Net change in total pension liability	4,771	16,482	6,983	5,411	7,586
Total pension liability-beginning	244,882	228,400	221,417	216,006	208,420
Total pension liability-ending (a)	<u>\$ 249,653</u>	<u>\$ 244,882</u>	<u>\$ 228,400</u>	<u>\$ 221,417</u>	<u>\$ 216,006</u>
Plan fiduciary net position					
Contributions-employer	\$ 7,794	\$ 6,709	\$ 6,102	\$ 6,524	\$ 6,075
Contributions-employee	1,677	1,643	1,612	1,601	1,695
Contributions-nonemployer contributing member	937	813	904	706	845
Contributions - Buy Back	39	-	-	-	-
Net investment income	13,601	15,868	11,893	(4,438)	14,975
Benefit payments, including refunds of employee contributions	(15,054)	(14,572)	(14,783)	(13,418)	(13,236)
Administrative expense	(382)	(213)	(229)	(224)	(277)
Other	1,010	(85)	47	(821)	1,074
Net change in plan fiduciary net position	9,622	10,163	5,546	(10,070)	11,151
Plan fiduciary net position-beginning	175,195	165,032	159,486	169,556	158,405
Plan fiduciary net position-ending (b)	<u>\$ 184,817</u>	<u>\$ 175,195</u>	<u>\$ 165,032</u>	<u>\$ 159,486</u>	<u>\$ 169,556</u>
Net pension liability-ending (a) - (b)	<u>\$ 64,836</u>	<u>\$ 69,687</u>	<u>\$ 63,368</u>	<u>\$ 61,931</u>	<u>\$ 46,450</u>
Plan fiduciary net position as a percentage of the total pension liability	74%	72%	72%	72%	78%
* Covered payroll	\$ 16,917	\$ 16,114	\$ 15,578	\$ 15,553	15,027
City's net pension liability as a percentage of covered payroll	383%	432%	407%	398%	309%

Note: The City implemented GASB No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available.

* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan active members, members in DROP and investment plan members.

THE CITY OF DAYTONA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 POLICE AND FIRE PENSION TRUST FUND
 LAST TEN FISCAL YEARS
 (IN THOUSANDS OF DOLLARS)
 (UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 8,685	\$ 7,522	\$ 7,005	\$ 7,230	\$ 8,115	\$ 8,005	\$ 7,907	\$ 8,563	\$ 7,921	\$ 7,338
Contributions in relation to the actuarially determined contribution	8,732	7,522	7,005	7,230	8,115	8,005	7,907	8,563	7,921	7,338
Contribution deficiency (excess)	\$ (47)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Covered payroll	\$ 16,917	\$ 16,114	\$ 15,578	\$ 15,553	\$ 15,027	\$ 15,139	\$ 15,425	\$ 16,026	\$ 17,429	\$ 17,932
Contributions as a percentage of covered payroll	52%	47%	45%	46%	54%	53%	51%	53%	45%	41%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal cost method.
 Amortization method: 30-year closed period.
 Remaining amortization period: Bases previously established after October 1, 2004 and prior to October 1, 2013 are re-amortized over the remainder of a 30-year period from establishment (as approved by the State).
 Asset valuation method: 20% write-up method.
 Inflation: 2.75%
 Investment rate of return: 7.50% net of pension plan investment expense, including inflation.
 Salary increases: Seniority/merit scale using the following representative rates:

Age	Rate (%)	Age	Rate (%)
20	3.0	40	2.0
25	3.0	45	1.0
30	2.5	50	-
35	2.5	55	-

Retirement rates: Annual retirement rates are as follows:

After First Eligibility for Normal Retirement	Police %	Fire %
0	35	25
1-9	20	15
10	100	100

At age 60, retirement rate is 100%

Mortality:

Healthy: Florida Retirement System special risk mortality projected with scale BB generationally
 Disabled: Florida Retirement System disabled mortality (no projection scale)

* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan active members, members in DROP and investment plan members.

THE CITY OF DAYTONA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS
FIRST YEAR OF IMPLEMENTATION
(IN THOUSAND OF DOLLARS)
(UNAUDITED)

Governmental Accounting Standards Board Statement No. 75. "Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions" (OPEB) require supplementary information be reported in addition to that provided in the notes to the Financial Statements. Additional years' information will be included until 10 years of information is displayed.

	9/30/2018
Total OPEB liability	
Service cost	\$ 26,485
Interest cost	215,674
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(540,288)
Net change in total OPEB liability	(298,129)
Total OPEB liability - beginning	5,800,242
Total OPEB liability - ending (a)	\$ 5,502,113
 Plan fiduciary net position	
Contributions - employer	\$ 540,288
Contributions - employee	-
Net investment income	-
Benefit payments	(540,288)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
 Total OPEB liability - ending (a) - (b)	\$ 5,502,113
 Plan fiduciary net position as a percentage of total OPEB liability	 0.00%
 Covered employee payroll	 \$ 41,723,453
Total OPEB liability as a percentage of covered employee payroll	13.19%

Changes in benefit terms: None

Changes in assumptions: None

The following are the discount rates used in each period:

10/1/2017	3.50%
10/1/2018	3.90%



Combining and Individual Fund Statements and Schedules



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Community Development – This fund both administers and coordinates the development and revitalization of the City by improving housing, expanding the economic base, improving employment opportunities and providing increased recreational opportunities in economically disadvantaged neighborhoods.

Local Housing Assistance – This fund was created pursuant to section 420.9075, Florida Statutes, State Housing Initiatives Partnership (SHIP) Program and Local Housing Assistance Program. This fund provides housing assistance to economically disadvantaged families in the community.

Law Enforcement Trust – This fund was created pursuant to section 932.704, Florida Statutes, which requires revenues from forfeited or confiscated property to be recorded separately.

Federal Shared Property Forfeitures – This fund was established as a result of the Comprehensive Crime Control Act of 1984, which authorized the sharing of federal forfeiture proceeds with cooperating state and local law enforcement agencies.

Transportation 5-Cent Gas Tax – This fund accounts for the collection and use of the Volusia County Transportation 5-Cent Gas Tax established January 1, 2000. Funds are restricted for use in transportation/road and streets projects.

Permit and License – This fund was established pursuant to section 553.80, Florida Statutes, to administer the Florida Building Code and development regulations to ensure public health and safety. This fund accounts for the issuance of permits for construction, renovations, alterations, and development.

Road Impact Fees – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's roads.

Recreation/Parks/Culture Impact Fees – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's recreation, parks, and culture.

Fire and Emergency Management System Impact Fees – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's fire and emergency management system.

Police Impact Fees – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's law enforcement services.

General Government Impact Fees – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's general government.

Grants – This fund was established to provide an additional tracking mechanism for grants received. This fund does not include federal and state grants related to storm events.

Emergency Management Grants – This fund was established to provide an additional tracking mechanism for grants received from federal and state grants related to storm events.

NONMAJOR GOVERNMENTAL FUNDS
(continued)

Debt Service Funds

Capital Improvement Revenue Bonds– This fund accounts for the debt service activity related to the \$35.6 million Capital Improvement Revenue Bonds, Series 2011 A and B.

General Obligation Refunding Bonds– This fund accounts for the debt service activity related to the \$18.8 million General Obligation Refunding Bonds, Series 2012.

Capital Improvement Revenue Notes - This fund accounts for the debt service activity related to the Capital Improvement Revenue Note, Series 2017 for the Downtown Redevelopment Trust Fund that was used to pay off the Capital Improvement Revenue Note, Series 2009. It also accounts for the activity related to the \$9.3 million Capital Improvement Revenue Note, Series 2010.

Capital Financing – This fund accounts for the debt service activity related to capital lease agreements.

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	Special Revenue Funds						
	Community Development	Local Housing Assistance	Law Enforcement Trust	Federal Shared Property Forfeitures	Transportation 5-Cent Gas Tax	Permit and License	Road Impact Fees
ASSETS:							
Equity in pooled cash, cash equivalents, and investments	\$ 603,729	\$ 396,124	\$ 371,810	\$ 207,975	\$ 323,349	\$ 7,654,446	\$ 260,479
Receivables:							
Accounts	-	-	-	-	-	126,000	-
Taxes	-	-	-	-	-	-	-
Intergovernmental receivable	145,254	-	-	-	128,920	-	-
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-	-	-
Total assets	\$ 748,983	\$ 396,124	\$ 371,810	\$ 207,975	\$ 452,269	\$ 7,780,446	\$ 260,479
LIABILITIES:							
Accounts payable and other liabilities	\$ 33,071	\$ 360	\$ -	\$ 187	\$ 4,725	\$ 36,532	\$ 8,419
Due to other funds	-	-	-	-	-	-	-
Intergovernmental payable	200	-	-	-	-	2,054	-
Deposits	1,944	-	-	-	-	-	-
Unearned revenue	-	351,223	-	-	-	191,219	-
Total liabilities	\$ 35,215	\$ 351,583	\$ -	\$ 187	\$ 4,725	\$ 229,805	\$ 8,419
FUND BALANCES:							
Restricted:							
Debt covenants	-	-	-	-	-	-	-
General government	-	-	-	-	-	7,550,641	-
Public safety	-	-	371,810	207,788	-	-	-
Transportation	-	-	-	-	447,544	-	252,060
Economic environment	713,768	44,541	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	\$ 713,768	\$ 44,541	\$ 371,810	\$ 207,788	\$ 447,544	\$ 7,550,641	\$ 252,060
Total liabilities and fund balances	\$ 748,983	\$ 396,124	\$ 371,810	\$ 207,975	\$ 452,269	\$ 7,780,446	\$ 260,479

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018
 (continued)

	Special Revenue Funds						Total Special Revenue Funds
	Recreation/ Parks/Culture Impact Fees	Fire/EMS Impact Fees	Police Impact Fees	General Government Impact Fees	Grants	Emergency Management Grants	
ASSETS:							
Equity in pooled cash, cash equivalents, and investments	\$ 1,597,805	\$ 697,070	\$ 1,442,729	\$ 3,403,289	\$ 2,196,007	\$ 2,144	\$ 19,156,956
Receivables:							
Accounts	-	-	-	-	-	-	126,000
Taxes	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	1,453,933	1,663,676	3,391,783
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-	-	-
Total assets	<u>\$ 1,597,805</u>	<u>\$ 697,070</u>	<u>\$ 1,442,729</u>	<u>\$ 3,403,289</u>	<u>\$ 3,649,940</u>	<u>\$ 1,665,820</u>	<u>\$ 22,674,739</u>
LIABILITIES:							
Accounts payable and other liabilities	\$ -	\$ 52,760	\$ 6,208	\$ 11,365	\$ 885,164	\$ 222,095	\$ 1,260,886
Due to other funds	-	-	-	-	400,000	4,260,000	4,660,000
Intergovernmental payable	-	-	-	-	-	-	2,254
Deposits	-	-	-	-	-	-	1,944
Unearned revenue	-	-	-	-	2,429,959	-	2,972,401
Total liabilities	<u>-</u>	<u>52,760</u>	<u>6,208</u>	<u>11,365</u>	<u>3,715,123</u>	<u>4,482,095</u>	<u>8,897,485</u>
FUND BALANCES:							
Restricted:							
Debt covenants	-	-	-	-	-	-	-
General government	-	-	-	3,391,924	-	-	10,942,565
Public safety	-	644,310	1,436,521	-	-	-	2,660,429
Transportation	-	-	-	-	-	-	699,604
Economic environment	-	-	-	-	-	-	758,309
Cultural and recreation	1,597,805	-	-	-	-	-	1,597,805
Unassigned	-	-	-	-	(65,183)	(2,816,275)	(2,881,458)
Total fund balances	<u>1,597,805</u>	<u>644,310</u>	<u>1,436,521</u>	<u>3,391,924</u>	<u>(65,183)</u>	<u>(2,816,275)</u>	<u>13,777,254</u>
Total liabilities and fund balances	<u>\$ 1,597,805</u>	<u>\$ 697,070</u>	<u>\$ 1,442,729</u>	<u>\$ 3,403,289</u>	<u>\$ 3,649,940</u>	<u>\$ 1,665,820</u>	<u>\$ 22,674,739</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018
 (continued)

	Debt Service Funds					
	Capital Improvement Revenue Bonds	General Obligation Refunding Bonds	Capital Improvement Revenue Notes	Capital Financing	Total Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS:						
Equity in pooled cash, cash equivalents, and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,156,956
Receivables:						
Accounts	-	-	-	-	-	126,000
Taxes	-	16,825	-	-	16,825	16,825
Intergovernmental receivable	-	-	-	-	-	3,391,783
Restricted equity in pooled cash, cash equivalents, and investments	2,710,097	404,020	108,484	70,205	3,292,806	3,292,806
Total assets	\$ 2,710,097	\$ 420,845	\$ 108,484	\$ 70,205	\$ 3,309,631	\$ 25,984,370
LIABILITIES:						
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,260,886
Due to other funds	-	-	-	-	-	4,660,000
Intergovernmental payable	-	-	-	-	-	2,254
Deposits	-	-	-	-	-	1,944
Unearned revenue	-	15,721	-	-	15,721	2,988,122
Total liabilities	-	15,721	-	-	15,721	8,913,206
FUND BALANCES:						
Restricted:						
Debt covenants	2,710,097	405,124	108,484	70,205	3,293,910	3,293,910
General government	-	-	-	-	-	10,942,565
Public safety	-	-	-	-	-	2,660,429
Transportation	-	-	-	-	-	699,604
Economic environment	-	-	-	-	-	758,309
Cultural and recreation	-	-	-	-	-	1,597,805
Unassigned						(2,881,458)
Total fund balances	2,710,097	405,124	108,484	70,205	3,293,910	17,071,164
Total liabilities and fund balances	\$ 2,710,097	\$ 420,845	\$ 108,484	\$ 70,205	\$ 3,309,631	\$ 25,984,370

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds						
	Community Development	Local Housing Assistance	Law Enforcement Trust	Federal Shared Property Forfeitures	Transportation 5-Cent Gas Tax	Permit and License	Road Impact Fees
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 823,685	\$ -	\$ -
Licenses and permits	-	-	-	-	-	3,941,073	-
Intergovernmental	640,514	528,891	-	66,402	-	-	-
Special assessments/impact fees	-	-	-	-	-	-	594,946
Fines and forfeitures	-	-	29,153	-	-	-	-
Income on investments	1,638	1,489	1,186	786	400	26,061	387
Miscellaneous	-	-	-	-	-	126,375	-
Total revenues	642,152	530,380	30,339	67,188	824,085	4,093,509	595,333
EXPENDITURES:							
Current operating:							
General government	-	-	-	-	-	2,312,900	-
Public safety	-	-	76,532	100,215	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	432,131	-	-
Economic environment	691,163	530,380	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	52,895	74,418	-	48,381	64,864
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Payment to refunded note escrow	-	-	-	-	-	-	-
Refunding note issuance costs	-	-	-	-	-	-	-
Total expenditures	691,163	530,380	129,427	174,633	432,131	2,361,281	64,864
Excess (deficiency) of revenues over (under) expenditures	(49,011)	-	(99,088)	(107,445)	391,954	1,732,228	530,469
OTHER FINANCING SOURCES (USES):							
Debt issuance	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(332,219)	-	-
Total other financing sources (uses)	-	-	-	-	(332,219)	-	-
Net change in fund balances	(49,011)	-	(99,088)	(107,445)	59,735	1,732,228	530,469
FUND BALANCES:							
Beginning	762,779	44,541	470,898	315,233	387,809	5,818,413	(278,409)
Ending	<u>\$ 713,768</u>	<u>\$ 44,541</u>	<u>\$ 371,810</u>	<u>\$ 207,788</u>	<u>\$ 447,544</u>	<u>\$ 7,550,641</u>	<u>\$ 252,060</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
 (continued)

	Special Revenue Funds						Total Special Revenue Funds
	Recreation/ Parks/Culture Impact Fees	Fire/EMS Impact Fees	Police Impact Fees	General Government Impact Fees	Grants	Emergency Management Grants	
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 823,685
Licenses and permits	-	-	-	-	-	-	3,941,073
Intergovernmental	-	-	-	-	4,937,118	4,252,783	10,425,708
Special assessments/impact fees	1,107,145	326,398	553,466	1,007,118	-	-	3,589,073
Fines and forfeitures	-	-	-	-	-	-	29,153
Income on investments	3,335	1,865	4,056	8,969	-	-	50,172
Miscellaneous	-	-	-	-	292,208	-	418,583
Total revenues	1,110,480	328,263	557,522	1,016,087	5,229,326	4,252,783	19,277,447
EXPENDITURES:							
Current operating:							
General government	-	-	-	8,467	-	-	2,321,367
Public safety	-	-	215,406	-	518,675	-	910,828
Physical environment	-	-	-	-	-	3,383,357	3,383,357
Transportation	-	-	-	51,371	-	-	483,502
Economic environment	-	-	-	-	-	-	1,221,543
Cultural and recreation	-	-	-	-	103,280	-	103,280
Capital outlay	33,623	229,279	-	89,327	4,672,554	-	5,265,341
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Payment to refunded note escrow	-	-	-	-	-	-	-
Refunding note issuance costs	-	-	-	-	-	-	-
Total expenditures	33,623	229,279	215,406	149,165	5,294,509	3,383,357	13,689,218
Excess (deficiency) of revenues over (under) expenditures	1,076,857	98,984	342,116	866,922	(65,183)	869,426	5,588,229
OTHER FINANCING SOURCES (USES):							
Debt issuance	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers (out)	(255,640)	-	-	-	-	-	(587,859)
Total other financing sources (uses)	(255,640)	-	-	-	-	-	(587,859)
Net change in fund balances	821,217	98,984	342,116	866,922	(65,183)	869,426	5,000,370
FUND BALANCES:							
Beginning	776,588	545,326	1,094,405	2,525,002	-	(3,685,701)	8,776,884
Ending	\$ 1,597,805	\$ 644,310	\$ 1,436,521	\$ 3,391,924	\$ (65,183)	\$ (2,816,275)	\$ 13,777,254

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
 (continued)

	Debt Service Funds				Total Debt Service Funds	Total Nonmajor Governmental Funds
	Capital Improvement Revenue Bonds	General Obligation Refunding Bonds	Capital Improvement Revenue Notes	Capital Financing		
REVENUES:						
Taxes	\$ -	\$ 1,446,442	\$ -	\$ -	\$ 1,446,442	\$ 2,270,127
Licenses and permits	-	-	-	-	-	3,941,073
Intergovernmental	-	-	-	-	-	10,425,708
Special assessments/impact fees	-	-	-	-	-	3,589,073
Fines and forfeitures	-	-	-	-	-	29,153
Income on investments	13,755	3,267	456	292	17,770	67,942
Miscellaneous	-	-	-	-	-	418,583
Total revenues	13,755	1,449,709	456	292	1,464,212	20,741,659
EXPENDITURES:						
Current operating:						
General government	-	-	-	-	-	2,321,367
Public safety	-	-	-	-	-	910,828
Physical environment	-	-	-	-	-	3,383,357
Transportation	-	-	-	-	-	483,502
Economic environment	-	-	-	-	-	1,221,543
Cultural and recreation	-	-	-	-	-	103,280
Capital outlay	-	-	-	-	-	5,265,341
Debt service:						
Principal	1,475,093	1,005,000	754,678	304,350	3,539,121	3,539,121
Interest and fiscal charges	1,096,848	409,993	214,723	44,306	1,765,870	1,765,870
Payment to refunded note escrow	-	-	1,555,899	-	1,555,899	1,555,899
Refunding note issuance costs	-	-	12,101	-	12,101	12,101
Total expenditures	2,571,941	1,414,993	2,537,401	348,656	6,872,991	20,562,209
Excess (deficiency) of revenues over (under) expenditures	(2,558,186)	34,716	(2,536,945)	(348,364)	(5,408,779)	179,450
OTHER FINANCING SOURCES (USES):						
Debt issuance	-	-	1,568,000	-	1,568,000	1,568,000
Transfers in	2,571,941	-	969,102	343,670	3,884,713	3,884,713
Transfers (out)	-	-	-	-	-	(587,859)
Total other financing sources (uses)	2,571,941	-	2,537,102	343,670	5,452,713	4,864,854
Net change in fund balances	13,755	34,716	157	(4,694)	43,934	5,044,304
FUND BALANCES:						
Beginning	2,696,342	370,408	108,327	74,899	3,249,976	12,026,860
Ending	\$ 2,710,097	\$ 405,124	\$ 108,484	\$ 70,205	\$ 3,293,910	\$ 17,071,164

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 850,918	\$ 1,836,838	\$ 640,514	\$ (1,196,324)
Income on investments	-	20	1,638	1,618
Total revenues	<u>850,918</u>	<u>1,836,858</u>	<u>642,152</u>	<u>(1,194,706)</u>
EXPENDITURES:				
Current operating:				
Economic environment	<u>850,918</u>	<u>2,308,319</u>	<u>691,163</u>	<u>1,617,156</u>
Total expenditures	<u>850,918</u>	<u>2,308,319</u>	<u>691,163</u>	<u>1,617,156</u>
Net change in fund balance	-	(471,461)	(49,011)	422,450
FUND BALANCE:				
Beginning	762,779	762,779	762,779	-
Ending	<u>\$ 762,779</u>	<u>\$ 291,318</u>	<u>\$ 713,768</u>	<u>\$ 422,450</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LOCAL HOUSING ASSISTANCE SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 277,961	\$ 874,566	\$ 528,891	\$ (345,675)
Income on investments	-	-	1,489	1,489
Miscellaneous	40,000	40,000	-	(40,000)
Total revenues	<u>317,961</u>	<u>914,566</u>	<u>530,380</u>	<u>(384,186)</u>
EXPENDITURES:				
Current operating:				
Economic environment	<u>317,961</u>	<u>914,566</u>	<u>530,380</u>	<u>384,186</u>
Total expenditures	<u>317,961</u>	<u>914,566</u>	<u>530,380</u>	<u>384,186</u>
Net change in fund balance	-	-	-	-
FUND BALANCE:				
Beginning	<u>44,541</u>	<u>44,541</u>	<u>44,541</u>	<u>-</u>
Ending	<u>\$ 44,541</u>	<u>\$ 44,541</u>	<u>\$ 44,541</u>	<u>\$ -</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ 23,629	\$ 29,153	\$ 5,524
Income on investments	-	169	1,186	1,017
Total revenues	-	23,798	30,339	6,541
EXPENDITURES:				
Current operating:				
Public safety	189,580	118,827	76,532	42,295
Capital outlay	-	354,520	52,895	301,625
Total expenditures	189,580	473,347	129,427	343,920
Net change in fund balance	(189,580)	(449,549)	(99,088)	350,461
FUND BALANCE:				
Beginning	470,898	470,898	470,898	-
Ending	\$ 281,318	\$ 21,349	\$ 371,810	\$ 350,461

THE CITY OF DAYTONA BEACH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FEDERAL SHARED PROPERTY FORFEITURES SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 64,769	\$ 66,402	\$ 1,633
Income on investments	-	118	786	668
Total revenues	<u>-</u>	<u>64,887</u>	<u>67,188</u>	<u>2,301</u>
EXPENDITURES:				
Current operating:				
Public safety	92,606	168,384	100,215	68,169
Capital outlay	-	200,161	74,418	125,743
Total expenditures	<u>92,606</u>	<u>368,545</u>	<u>174,633</u>	<u>193,912</u>
Net change in fund balance	(92,606)	(303,658)	(107,445)	196,213
FUND BALANCE:				
Beginning	315,233	315,233	315,233	-
Ending	<u>\$ 222,627</u>	<u>\$ 11,575</u>	<u>\$ 207,788</u>	<u>\$ 196,213</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION 5-CENT GAS TAX SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 812,842	\$ 812,842	\$ 823,685	\$ 10,843
Income on investments	-	-	400	400
Total revenues	812,842	812,842	824,085	11,243
EXPENDITURES:				
Current operating:				
Transportation	15,000	441,471	432,131	9,340
Capital outlay	461,629	583,549	-	583,549
Total expenditures	476,629	1,025,020	432,131	592,889
Excess (deficiency) of revenues over (under) expenditures	336,213	(212,178)	391,954	604,132
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(328,472)	(332,227)	(332,219)	8
Total other financing sources (uses)	(328,472)	(332,227)	(332,219)	8
Net change in fund balance	7,741	(544,405)	59,735	604,140
FUND BALANCE:				
Beginning	387,809	387,809	387,809	-
Ending	\$ 395,550	\$ (156,596)	\$ 447,544	\$ 604,140

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PERMIT AND LICENSE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ 3,781,084	\$ 3,781,084	\$ 3,941,073	\$ 159,989
Income on investments	-	-	26,061	26,061
Miscellaneous	1,117	1,117	126,375	125,258
Total revenues	3,782,201	3,782,201	4,093,509	311,308
EXPENDITURES:				
Current operating:				
General government	2,142,896	2,671,563	2,312,900	358,663
Capital outlay	169,275	536,367	48,381	487,986
Total expenditures	2,312,171	3,207,930	2,361,281	846,649
Net change in fund balance	1,470,030	574,271	1,732,228	1,157,957
FUND BALANCE:				
Beginning	5,818,413	5,818,413	5,818,413	-
Ending	<u>\$ 7,288,443</u>	<u>\$ 6,392,684</u>	<u>\$ 7,550,641</u>	<u>\$ 1,157,957</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROAD IMPACT FEES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 32,441	\$ 594,946	\$ 562,505
Income on investments	-	-	387	387
Total revenues	-	32,441	595,333	562,892
EXPENDITURES:				
Current operating:				
Grants & Aids	-	-	-	-
Capital outlay	-	203,486	64,864	138,622
Total expenditures	-	203,486	64,864	138,622
Net change in fund balance	-	(171,045)	530,469	701,514
FUND BALANCE:				
Beginning	(278,409)	(278,409)	(278,409)	-
Ending	\$ (278,409)	\$ (449,454)	\$ 252,060	\$ 701,514

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECREATION/PARKS/CULTURE IMPACT FEES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 811,945	\$ 1,107,145	\$ 295,200
Income on investments	-	209	3,335	3,126
Total revenues	<u>-</u>	<u>812,154</u>	<u>1,110,480</u>	<u>298,326</u>
EXPENDITURES:				
Current operating:				
Capital outlay	-	1,229,843	33,623	1,196,220
Total expenditures	<u>-</u>	<u>1,229,843</u>	<u>33,623</u>	<u>1,196,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(417,689)</u>	<u>1,076,857</u>	<u>1,494,546</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	<u>(252,767)</u>	<u>(255,647)</u>	<u>(255,640)</u>	<u>7</u>
Total other financing sources (uses)	<u>(252,767)</u>	<u>(255,647)</u>	<u>(255,640)</u>	<u>7</u>
Net change in fund balance	(252,767)	(673,336)	821,217	1,494,553
FUND BALANCE:				
Beginning	776,588	776,588	776,588	-
Ending	<u>\$ 523,821</u>	<u>\$ 103,252</u>	<u>\$ 1,597,805</u>	<u>\$ 1,494,553</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FIRE/EMS IMPACT FEES SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 277,537	\$ 326,398	\$ 48,861
Income on investments	-	199	1,865	1,666
Total revenues	<u>-</u>	<u>277,736</u>	<u>328,263</u>	<u>50,527</u>
EXPENDITURES:				
Current operating:				
Capital outlay	<u>65,000</u>	<u>375,397</u>	<u>229,279</u>	<u>146,118</u>
Total expenditures	<u>65,000</u>	<u>375,397</u>	<u>229,279</u>	<u>146,118</u>
Net change in fund balance	(65,000)	(97,661)	98,984	196,645
FUND BALANCE:				
Beginning	545,326	545,326	545,326	-
Ending	<u>\$ 480,326</u>	<u>\$ 447,665</u>	<u>\$ 644,310</u>	<u>\$ 196,645</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE IMPACT FEES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 468,342	\$ 553,466	\$ 85,124
Income on investments		415	4,056	3,641
Total revenues	<u>-</u>	<u>468,757</u>	<u>557,522</u>	<u>88,765</u>
EXPENDITURES:				
Public Safety	-	215,406	215,406	-
Capital Outlay	-	967,488	-	967,488
Total expenditures	<u>-</u>	<u>1,182,894</u>	<u>215,406</u>	<u>967,488</u>
Net change in fund balance	-	(714,137)	342,116	1,056,253
FUND BALANCE:				
Beginning	1,094,405	1,094,405	1,094,405	-
Ending	<u>\$ 1,094,405</u>	<u>\$ 380,268</u>	<u>\$ 1,436,521</u>	<u>\$ 1,056,253</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GENERAL GOVERNMENT IMPACT FEES SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 855,233	\$ 1,007,118	\$ 151,885
Income on investments	-	938	8,969	8,031
Total revenues	<u>-</u>	<u>856,171</u>	<u>1,016,087</u>	<u>159,916</u>
EXPENDITURES:				
General government	-	8,467	8,467	-
Transportation	-	51,371	51,371	-
Capital outlay	750,000	90,548	89,327	1,221
Total expenditures	<u>750,000</u>	<u>150,386</u>	<u>149,165</u>	<u>1,221</u>
Net change in fund balance	(750,000)	705,785	866,922	161,137
FUND BALANCE:				
Beginning	2,525,002	2,525,002	2,525,002	-
Ending	<u>\$ 1,775,002</u>	<u>\$ 3,230,787</u>	<u>\$ 3,391,924</u>	<u>\$ 161,137</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 490,549	\$ 9,321,567	\$ 4,937,118	\$ (4,384,449)
Miscellaneous	-	1,235,974	292,208	(943,766)
Total revenues	490,549	10,557,541	5,229,326	(5,328,215)
EXPENDITURES:				
Physical environment	-	-	-	-
Public safety	490,549	549,679	518,675	31,004
Cultural and recreation	-	103,280	103,280	-
Capital outlay	-	9,904,582	4,672,554	5,232,028
Total expenditures	490,549	10,557,541	5,294,509	5,263,032
Excess (deficiency) of revenues over (under) expenditures	-	-	(65,183)	(65,183)
Net change in fund balance	-	-	(65,183)	(65,183)
FUND BALANCE:				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ (65,183)	\$ (65,183)

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EMERGENCY MANAGEMENT GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 4,124,367	\$ 4,252,783	\$ 128,416
Total revenues	<u>-</u>	<u>4,124,367</u>	<u>4,252,783</u>	<u>128,416</u>
EXPENDITURES:				
Physical environment	-	3,383,357	3,383,357	-
Capital outlay	-	1,407,863	-	1,407,863
Total expenditures	<u>-</u>	<u>4,791,220</u>	<u>3,383,357</u>	<u>1,407,863</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(666,853)</u>	<u>869,426</u>	<u>1,536,279</u>
OTHER FINANCING SOURCES (USES):				
Transfers (in)	-	555,333	-	(555,333)
Total other financing sources (uses)	<u>-</u>	<u>555,333</u>	<u>-</u>	<u>(555,333)</u>
Net change in fund balance	-	(111,520)	869,426	980,946
FUND BALANCE:				
Beginning	(3,685,701)	(3,685,701)	(3,685,701)	-
Ending	<u>\$ (3,685,701)</u>	<u>\$ (3,797,221)</u>	<u>\$ (2,816,275)</u>	<u>\$ 980,946</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE BONDS DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Income on investments	\$ -	\$ -	\$ 13,755	\$ 13,755
Total revenues	<u>-</u>	<u>-</u>	<u>13,755</u>	<u>13,755</u>
EXPENDITURES:				
Debt service:				
Principal	1,475,093	1,475,093	1,475,093	-
Interest and fiscal charges	1,097,449	1,097,449	1,096,848	601
Total expenditures	<u>2,572,542</u>	<u>2,572,542</u>	<u>2,571,941</u>	<u>601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,572,542)</u>	<u>(2,572,542)</u>	<u>(2,558,186)</u>	<u>14,356</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,571,941	2,571,941	2,571,941	-
Total other financing sources (uses)	<u>2,571,941</u>	<u>2,571,941</u>	<u>2,571,941</u>	<u>-</u>
Net change in fund balance	(601)	(601)	13,755	14,356
FUND BALANCE:				
Beginning	2,696,342	2,696,342	2,696,342	-
Ending	<u>\$ 2,695,741</u>	<u>\$ 2,695,741</u>	<u>\$ 2,710,097</u>	<u>\$ 14,356</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL OBLIGATION REFUNDING BONDS DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 1,414,998	\$ 1,414,998	\$ 1,446,442	\$ 31,444
Income on investments	-	-	3,267	3,267
Total revenues	<u>1,414,998</u>	<u>1,414,998</u>	<u>1,449,709</u>	<u>34,711</u>
EXPENDITURES:				
Debt service:				
Principal	1,005,000	1,005,000	1,005,000	-
Interest and fiscal charges	409,963	409,993	409,993	-
Total expenditures	<u>1,414,963</u>	<u>1,414,993</u>	<u>1,414,993</u>	<u>-</u>
Net change in fund balance	35	5	34,716	34,711
FUND BALANCE:				
Beginning	370,408	370,408	370,408	-
Ending	<u>\$ 370,443</u>	<u>\$ 370,413</u>	<u>\$ 405,124</u>	<u>\$ 34,711</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT REVENUE NOTES DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Income on investments	\$ -	\$ 54	\$ 456	\$ 402
Total revenues	<u>-</u>	<u>54</u>	<u>456</u>	<u>402</u>
EXPENDITURES:				
Debt service:				
Principal	754,678	754,678	754,678	-
Interest and fiscal charges	213,233	222,232	214,723	7,509
Payment to refunded note escrow agent	-	-	1,555,899	(1,555,899)
Refunding note issuance costs	-	-	12,101	(12,101)
Total expenditures	<u>967,911</u>	<u>976,910</u>	<u>2,537,401</u>	<u>(1,560,491)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(967,911)</u>	<u>(976,856)</u>	<u>(2,536,945)</u>	<u>(1,560,089)</u>
OTHER FINANCING SOURCES (USES):				
Refunding note proceeds	-	-	1,568,000	1,568,000
Transfers in	967,911	976,856	969,102	(7,754)
Total other financing sources (uses)	<u>967,911</u>	<u>976,856</u>	<u>2,537,102</u>	<u>1,560,246</u>
Net change in fund balance	-	-	157	157
FUND BALANCE:				
Beginning	67,784	67,784	67,784	-
Ending	<u>\$ 67,784</u>	<u>\$ 67,784</u>	<u>\$ 67,941</u>	<u>\$ 157</u>

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL FINANCING DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Income on investments	-	-	292	
Total revenues	-	-	292	-
EXPENDITURES:				
Debt service:				
Principal	384,366	369,366	304,350	65,016
Interest and fiscal charges	39,308	54,308	44,306	10,002
Total expenditures	423,674	423,674	348,656	75,018
Excess (deficiency) of revenues over (under) expenditures	(423,674)	(423,674)	(348,364)	75,018
OTHER FINANCING SOURCES (USES):				
Transfers in	343,673	348,775	343,670	(5,105)
Total other financing sources (uses)	343,673	348,775	343,670	(5,105)
Net change in fund balance	(80,001)	(74,899)	(4,694)	70,205
FUND BALANCE:				
Beginning	74,899	74,899	74,899	-
Ending	\$ (5,102)	\$ -	\$ 70,205	\$ 70,205



NONMAJOR ENTERPRISE FUNDS

Halifax Harbor – This fund accounts for the operations of a 550-slip municipal marina and a 39,791 square foot commercial plaza complex.

Cultural Services – This fund accounts for the Cultural Services Division including: promotion and marketing of the 2,521 seat Peabody Auditorium, the Oceanfront Bandshell coquina amphitheater with a capacity of 5,000, and management and oversight of all special and cultural events city-wide.

Municipal Golf Course – This fund accounts for one (1) golf course complex with a total of 36 holes available with a restaurant, pro-shop, clubhouse and driving range.

Florida Tennis Center – This fund accounts for a state-of-the-art tennis facility with 24 subsurface watered clay tennis courts. The facility also includes a computerized backboard, full service pro-shop, lounge, snack bar, 500 seat stadium, and locker rooms.

Municipal Stadium/Jackie Robinson Ballpark – This fund accounts for a 10,000 seat Municipal Stadium which features a Jumbotron scoreboard and hosts college football and other athletic events. In addition, this fund also accounts for the Jackie Robinson Ballpark, which has an occupancy of 4,200 and is the home of the Daytona Tortugas, an affiliate of the Cincinnati Reds.

Daytona Beach Pier – This fund accounts for the pier, which is a historical structure that extends approximately 700 feet into the Atlantic Ocean and provides accessibility to fishing and other outdoor activities. Amenities include public parking lots as well as a Splash Park. A portion of the structure is currently occupied by a national chain restaurant, Joe's Crab Shack.

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2018

	Halifax Harbor	Cultural Services	Municipal Golf Course	Florida Tennis Center	Municipal Stadium/ Jackie Robinson Ballpark
ASSETS:					
Current assets:					
Equity in pooled cash, cash equivalents, and investments	\$ 1,155,049	\$ 906,291	\$ 240,278	\$ 2,186	\$ 9,922
Accounts receivable	-	13,115	-	321	-
Inventory	22,180	-	54,988	39,632	-
Prepays	14,579	38,373	3,935	740	567
Total current assets	<u>1,191,808</u>	<u>957,779</u>	<u>299,201</u>	<u>42,879</u>	<u>10,489</u>
Noncurrent assets:					
Restricted equity in pooled cash, cash equivalents, and investments	484,111	45,614	-	106,773	-
Prepaid insurance costs - bonds	-	-	-	189	-
Deposits	-	8,000	500	500	-
Capital assets:					
Non-depreciable	38,603	-	1,512,832	-	-
Depreciable (net)	4,722,844	-	395,808	220,637	-
Total noncurrent assets	<u>5,245,558</u>	<u>53,614</u>	<u>1,909,140</u>	<u>328,099</u>	<u>-</u>
Total assets	<u>6,437,366</u>	<u>1,011,393</u>	<u>2,208,341</u>	<u>370,978</u>	<u>10,489</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amount on refunding	101,096	-	-	1,603	-
Deferred amount for pensions	127,726	174,638	57,242	47,206	-
Total deferred outflows of resources	<u>228,822</u>	<u>174,638</u>	<u>57,242</u>	<u>48,809</u>	<u>-</u>
LIABILITIES:					
Current liabilities:					
Accounts payable and other liabilities	54,277	101,987	7,233	21,123	3,344
Intergovernmental payable	15,469	10,848	4,594	1,507	-
Due to other funds	-	-	200,000	32,000	-
Unearned revenues	-	847,347	11,258	1,621	58,929
Compensated absences	16,701	24,546	9,546	8,061	-
Bonds payable	-	-	-	47,411	-
Notes payable	501,000	-	-	-	-
Payable from restricted assets:					
Accrued interest	96,711	-	-	800	-
Total current liabilities	<u>684,158</u>	<u>984,728</u>	<u>232,631</u>	<u>112,523</u>	<u>62,273</u>
Noncurrent liabilities:					
Deposits	27,215	41,264	500	-	-
Compensated absences	58,244	72,393	49,531	20,468	-
Other post-employment benefits	6,019	42,640	132,819	6,546	59
Net pension liability	276,806	456,481	158,360	129,129	-
Bonds payable	-	-	-	91,612	-
Notes payable	6,082,000	-	-	-	-
Advance from other funds	997,118	982,850	4,647,000	1,999,925	-
Total noncurrent liabilities	<u>7,447,402</u>	<u>1,595,628</u>	<u>4,988,210</u>	<u>2,247,680</u>	<u>59</u>
Total liabilities	<u>8,131,560</u>	<u>2,580,356</u>	<u>5,220,841</u>	<u>2,360,203</u>	<u>62,332</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred amount for pensions	27,322	62,530	21,288	12,950	-
Total deferred inflows of resources	<u>27,322</u>	<u>62,530</u>	<u>21,288</u>	<u>12,950</u>	<u>-</u>
NET POSITION (DEFICIT):					
Net investment in capital assets (deficit)	(1,720,457)	-	1,908,640	83,406	-
Restricted:					
Debt covenants	387,400	-	-	105,973	-
Capital projects	-	-	-	-	-
Donations	-	45,614	-	-	-
Unrestricted (deficit)	<u>(159,637)</u>	<u>(1,502,469)</u>	<u>(4,885,186)</u>	<u>(2,142,745)</u>	<u>(51,843)</u>
Total net position (deficit)	<u>\$ (1,492,694)</u>	<u>\$ (1,456,855)</u>	<u>\$ (2,976,546)</u>	<u>\$ (1,953,366)</u>	<u>\$ (51,843)</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2018
 (continued)

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
ASSETS:		
Current assets:		
Equity in pooled cash, cash equivalents, and investments	\$ 1,533,699	\$ 3,847,425
Accounts receivable	-	13,436
Inventory	-	116,800
Prepays	2,670	60,864
Total current assets	1,536,369	4,038,525
Noncurrent assets:		
Restricted equity in pooled cash, cash equivalents, and investments	-	636,498
Prepaid insurance costs - bonds	-	189
Deposits	-	9,000
Capital assets:		
Non-depreciable	-	1,551,435
Depreciable (net)	-	5,339,289
Total noncurrent assets	-	7,536,411
Total assets	1,536,369	11,574,936
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	-	102,699
Deferred amount for pensions	1,407	408,219
Total deferred outflows of resources	1,407	510,918
LIABILITIES:		
Current liabilities:		
Accounts payable and other liabilities	52,983	240,947
Intergovernmental payable	3,357	35,775
Due to other funds	-	232,000
Unearned revenues	-	919,155
Compensated absences	5,380	64,234
Bonds payable	-	47,411
Notes payable	-	501,000
Payable from restricted assets:		
Accrued interest	-	97,511
Total current liabilities	61,720	2,138,033
Noncurrent liabilities:		
Deposits	-	68,979
Compensated absences	-	200,636
Other post-employment benefits	21	188,104
Net pension liability	4,020	1,024,796
Bonds payable	-	91,612
Notes payable	-	6,082,000
Advance from other funds	-	8,626,893
Total noncurrent liabilities	4,041	16,283,020
Total liabilities	65,761	18,421,053
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount for pensions	4,754	128,844
Total deferred outflows of resources	4,754	128,844
NET POSITION (DEFICIT):		
Net investment in capital assets (deficit)	-	271,589
Restricted:		
Debt covenants	-	493,373
Capital projects	466,265	466,265
Donations	-	45,614
Unrestricted (deficit)	1,000,996	(7,740,884)
Total net position (deficit)	\$ 1,467,261	\$ (6,464,043)

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Halifax Harbor	Cultural Services	Municipal Golf Course	Florida Tennis Center	Municipal Stadium/ Jackie Robinson Ballpark
OPERATING REVENUES:					
Charges for services	\$ 3,610,082	\$ 3,515,051	\$ 1,468,945	\$ 399,868	\$ 255,439
Other receipts	22,591	60,760	786	865	417
Total operating revenues	<u>3,632,673</u>	<u>3,575,811</u>	<u>1,469,731</u>	<u>400,733</u>	<u>255,856</u>
OPERATING EXPENSES:					
Personnel services	190,268	1,026,833	330,112	195,211	14,561
Contractual services	1,585,092	3,294,133	1,328,655	185,419	294,690
Materials and supplies	575,599	196,680	139,094	155,051	41,606
Depreciation	308,771	-	144,853	54,178	-
Total operating expenses	<u>2,659,730</u>	<u>4,517,646</u>	<u>1,942,714</u>	<u>589,859</u>	<u>350,857</u>
Operating income (loss)	<u>972,943</u>	<u>(941,835)</u>	<u>(472,983)</u>	<u>(189,126)</u>	<u>(95,001)</u>
NONOPERATING					
REVENUES (EXPENSES):					
Operating grants and contributions	-	65,763	-	-	-
Income on investments	5,617	244	528	1,552	280
Interest expense	(260,552)	-	-	(6,829)	-
Total nonoperating revenues (expenses)	<u>(254,935)</u>	<u>66,007</u>	<u>528</u>	<u>(5,277)</u>	<u>280</u>
Income (loss) before transfers	718,008	(875,828)	(472,455)	(194,403)	(94,721)
Capital grants and contributions	4,265	-	-	-	-
Transfers in	-	1,734,434	420,777	151,204	246,911
Transfers out	-	(15,000)	-	-	(136,738)
Change in net position	722,273	843,606	(51,678)	(43,199)	15,452
NET POSITION (DEFICIT):					
Beginning, restated	<u>(2,214,967)</u>	<u>(2,300,461)</u>	<u>(2,924,868)</u>	<u>(1,910,167)</u>	<u>(67,295)</u>
Ending	<u>\$ (1,492,694)</u>	<u>\$ (1,456,855)</u>	<u>\$ (2,976,546)</u>	<u>\$ (1,953,366)</u>	<u>\$ (51,843)</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ 986,184	\$ 10,235,569
Other receipts	360	85,779
Total operating revenues	<u>986,544</u>	<u>10,321,348</u>
OPERATING EXPENSES:		
Personnel services	84,281	1,841,266
Contractual services	647,215	7,335,204
Materials and supplies	9,898	1,117,928
Depreciation	-	507,802
Total operating expenses	<u>741,394</u>	<u>10,802,200</u>
Operating income (loss)	<u>245,150</u>	<u>(480,852)</u>
NONOPERATING REVENUES (EXPENSES):		
Operating grants and contributions	-	65,763
Income on investments	4,251	12,472
Interest expense	-	(267,381)
Total nonoperating revenues (expenses)	<u>4,251</u>	<u>(189,146)</u>
Income (loss) before transfers	249,401	(669,998)
Capital grants and contributions	-	4,265
Transfers in	-	2,553,326
Transfers out	<u>(56,779)</u>	<u>(208,517)</u>
Change in net position	192,622	1,679,076
NET POSITION (DEFICIT):		
Beginning, restated	<u>1,274,639</u>	<u>(8,143,119)</u>
Ending	<u>\$ 1,467,261</u>	<u>\$ (6,464,043)</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Halifax Harbor	Cultural Services	Municipal Golf Course	Florida Tennis Center	Municipal Stadium/ Jackie Robinson Ballpark
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 3,616,863	\$ 3,964,639	\$ 1,466,644	\$ 430,273	\$ 318,155
Other receipts	22,591	60,760	786	865	417
Payments to suppliers	(2,187,072)	(3,928,107)	(1,479,825)	(339,453)	(485,410)
Payments to employees	(147,719)	(994,396)	(309,532)	(188,617)	(14,561)
Net cash provided by (used for) operating activities	<u>1,304,663</u>	<u>(897,104)</u>	<u>(321,927)</u>	<u>(96,932)</u>	<u>(181,399)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grants and contributions	4,265	65,763	-	-	-
Transfer from other funds	-	1,734,434	420,777	151,204	246,911
Transfer (to) other funds	-	(15,000)	-	-	(136,738)
Repayment of advances from other funds	(399,882)	-	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>(395,617)</u>	<u>1,785,197</u>	<u>420,777</u>	<u>151,204</u>	<u>110,173</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(4,265)	-	-	-	-
Proceeds on debt	47,900	-	-	-	-
Principal payments on bonds	(438,581)	-	-	(49,907)	-
Interest payments on bonds	(352,694)	-	-	(6,779)	-
Net cash (used for) capital and related financing activities	<u>(747,640)</u>	<u>-</u>	<u>-</u>	<u>(56,686)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	5,617	244	529	1,552	280
Net cash provided by investing activities	<u>5,617</u>	<u>244</u>	<u>529</u>	<u>1,552</u>	<u>280</u>
Net increase (decrease) in cash and cash equivalents	167,023	888,337	99,379	(862)	(70,946)
EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:					
Beginning	1,472,137	63,568	140,899	109,821	80,868
Ending	<u>\$ 1,639,160</u>	<u>\$ 951,905</u>	<u>\$ 240,278</u>	<u>\$ 108,959</u>	<u>\$ 9,922</u>
Classified as:					
Unrestricted	\$ 1,155,049	\$ 906,291	\$ 240,278	\$ 2,186	\$ 9,922
Restricted	484,111	45,614	-	106,773	-
Total	<u>\$ 1,639,160</u>	<u>\$ 951,905</u>	<u>\$ 240,278</u>	<u>\$ 108,959</u>	<u>\$ 9,922</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
 (continued)

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 986,184	\$ 10,782,758
Other receipts	360	85,779
Payments to suppliers	(613,077)	(9,032,944)
Payments to employees	(78,719)	(1,733,544)
Net cash provided by (used for) operating activities	294,748	102,049
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants and contributions	-	70,028
Transfer from other funds	-	2,553,326
Transfer (to) other funds	(56,779)	(208,517)
Repayment of advances from other funds	-	(399,882)
Net cash provided by (used for) noncapital financing activities	(56,779)	2,014,955
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	-	(4,265)
Proceeds on debt	-	47,900
Principal payments on bonds	-	(488,488)
Interest payments on bonds	-	(359,473)
Net cash (used for) capital and related financing activities	-	(804,326)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	4,251	12,473
Net cash provided by investing activities	4,251	12,473
Net increase (decrease) in cash and cash equivalents	242,220	1,325,151
EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:		
Beginning	1,291,479	3,158,772
Ending	\$ 1,533,699	\$ 4,483,923
Classified as:		
Unrestricted	\$ 1,533,699	\$ 3,847,425
Restricted	-	636,498
Total	\$ 1,533,699	\$ 4,483,923

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

(continued)

	Halifax Harbor	Cultural Services	Municipal Golf Course	Florida Tennis Center	Municipal Stadium/ Jackie Robinson Ballpark
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 972,943	\$ (941,835)	\$ (472,983)	\$ (189,126)	\$ (95,001)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	308,771	-	144,853	54,178	-
(Increase) decrease in:					
Accounts receivable	6,781	841	-	30,246	3,787
Inventories	9,149	-	3,146	350	-
Prepays	(1,862)	63,610	741	321	87
Deferred amount for pensions	4,572	17,564	5,351	3,243	-
Increase (decrease) in:					
Accounts payable and other liabilities	(32,717)	(20,458)	(2,790)	8,558	(32,641)
Intergovernmental payable	(1,191)	4,285	1,827	(212)	(1,560)
Due to other funds	-	(495,000)	(15,000)	(8,000)	(115,000)
Unearned revenues	-	448,747	(2,301)	159	58,929
Deposits	240	10,269	-	-	-
Compensated absences	29,833	(18,960)	6,190	(2,127)	-
Other post-employment benefits	422	4,169	2	-	-
Net pension liability	(1,053)	(4,043)	(1,232)	(746)	-
Deferred amount for pensions	8,775	33,707	10,269	6,224	-
Total adjustments	<u>331,720</u>	<u>44,731</u>	<u>151,056</u>	<u>92,194</u>	<u>(86,398)</u>
Net cash provided by (used for) operating activities	<u>\$ 1,304,663</u>	<u>\$ (897,104)</u>	<u>\$ (321,927)</u>	<u>\$ (96,932)</u>	<u>\$ (181,399)</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

(continued)

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 245,150	\$ (480,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	507,802
(Increase) decrease in:		
Accounts receivable	-	41,655
Inventories	-	12,645
Prepays	180	63,077
Deferred amount for pensions	1,422	32,152
Increase (decrease) in:		
Accounts payable and other liabilities	45,284	(34,764)
Intergovernmental payable	(1,429)	1,720
Due to other funds	-	(633,000)
Unearned revenues	-	505,534
Deposits	-	10,509
Compensated absences	1,740	16,676
Other post-employment benefits	-	4,593
Net pension liability	(326)	(7,400)
Deferred amount for pensions	2,727	61,702
Total adjustments	49,598	582,901
Net cash provided by (used for) operating activities	\$ 294,748	\$ 102,049

INTERNAL SERVICE FUNDS

Fleet Maintenance – This fund provides service to City vehicles and related equipment through a maintenance and repair program that maximizes the number of vehicles available for the user departments with a minimum amount of downtime.

Employment Services – This fund provides service to all departments through administration of the provisions of City policy as it pertains to personnel recruiting, testing, certification, records, compensation, classification, and evaluation.

Property Maintenance – This fund provides service to all departments through maintenance and repair of City property, buildings, and related equipment.

Information Technology – This fund provides all communication, network and information technology systems services for all departments.

Consolidated Insurance – This fund provides a means to control financial loss to the City arising from insurance catastrophes by either purchasing insurance, transferring the risk of loss to others, self-insuring or any combination thereof.

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2018

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology	Consolidated Insurance	Totals
ASSETS:						
Current assets:						
Equity in pooled cash, cash equivalents, and investments	\$ 582,732	\$ 556,756	\$ 812,322	\$ 1,576,205	\$ 9,682,798	\$ 13,210,813
Inventory	104,867	-	-	-	-	104,867
Prepays	-	-	-	-	333,657	333,657
Total current assets	<u>687,599</u>	<u>556,756</u>	<u>812,322</u>	<u>1,576,205</u>	<u>10,016,455</u>	<u>13,649,337</u>
Noncurrent assets:						
Capital assets:						
Non-depreciable (net)	-	-	-	6,662	-	6,662
Depreciable (net)	24,638	-	229,861	434,252	25,283	714,034
Total noncurrent assets	<u>24,638</u>	<u>-</u>	<u>229,861</u>	<u>440,914</u>	<u>25,283</u>	<u>720,696</u>
Total assets	<u>712,237</u>	<u>556,756</u>	<u>1,042,183</u>	<u>2,017,119</u>	<u>10,041,738</u>	<u>14,370,033</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred amount for pensions	86,413	353,230	264,151	386,235	208,244	1,298,273
Total deferred outflows of resources	<u>86,413</u>	<u>353,230</u>	<u>264,151</u>	<u>386,235</u>	<u>208,244</u>	<u>1,298,273</u>
LIABILITIES:						
Current liabilities:						
Accounts payable and other liabilities	96,914	18,329	87,127	84,667	277,871	564,908
Intergovernmental payable	332	916	1,186	1,914	1,173	5,521
Insurance claims payable	-	-	-	-	1,927,000	1,927,000
Compensated absences	15,588	40,556	51,534	75,597	51,431	234,706
Total current liabilities	<u>112,834</u>	<u>59,801</u>	<u>139,847</u>	<u>162,178</u>	<u>2,257,475</u>	<u>2,732,135</u>
Noncurrent liabilities:						
Insurance claims payable	-	-	-	-	7,813,000	7,813,000
Compensated absences	21,273	63,585	57,204	172,128	78,630	392,820
Other post-employment benefits	49,158	42,993	82,229	96,529	59,015	329,924
Net pension liability	228,975	937,276	594,650	1,031,719	600,933	3,393,553
Total noncurrent liabilities	<u>299,406</u>	<u>1,043,854</u>	<u>734,083</u>	<u>1,300,376</u>	<u>8,551,578</u>	<u>11,929,297</u>
Total liabilities	<u>412,240</u>	<u>1,103,655</u>	<u>873,930</u>	<u>1,462,554</u>	<u>10,809,053</u>	<u>14,661,432</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred amount for pensions	19,467	88,002	70,377	112,913	57,024	347,783
Total deferred inflows of resources	<u>19,467</u>	<u>88,002</u>	<u>70,377</u>	<u>112,913</u>	<u>57,024</u>	<u>347,783</u>
NET POSITION (DEFICIT):						
Net investment in capital assets	24,638	-	229,861	440,914	25,283	720,696
Restricted for capital projects	-	-	-	-	-	-
Unrestricted (deficit)	342,305	(281,671)	132,166	386,973	(641,378)	(61,605)
Total net position (deficit)	<u>\$ 366,943</u>	<u>\$ (281,671)</u>	<u>\$ 362,027</u>	<u>\$ 827,887</u>	<u>\$ (616,095)</u>	<u>\$ 659,091</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology	Consolidated Insurance	Totals
OPERATING REVENUES:						
Charges for services	\$ 2,413,799	\$ 1,004,383	\$ 1,907,855	\$ 4,362,455	\$ 6,071,042	\$ 15,759,534
Other receipts	2,169	-	1,642	8,175	75,000	86,986
Total operating revenues	<u>2,415,968</u>	<u>1,004,383</u>	<u>1,909,497</u>	<u>4,370,630</u>	<u>6,146,042</u>	<u>15,846,520</u>
OPERATING EXPENSES:						
Personnel services	295,852	759,542	1,165,088	1,634,242	917,742	4,772,466
Contractual services	778,378	113,193	274,018	2,148,565	5,722,642	9,036,796
Materials and supplies	1,167,136	10,764	38,451	320,532	96,889	1,633,772
Depreciation	3,552	-	32,146	97,328	2,383	135,409
Total operating expenses	<u>2,244,918</u>	<u>883,499</u>	<u>1,509,703</u>	<u>4,200,667</u>	<u>6,739,656</u>	<u>15,578,443</u>
Operating income (loss)	<u>171,050</u>	<u>120,884</u>	<u>399,794</u>	<u>169,963</u>	<u>(593,614)</u>	<u>268,077</u>
NONOPERATING REVENUES (EXPENSES):						
Income on investments	761	1,476	2,090	3,989	27,748	36,064
Gain (loss) on disposal of capital assets	3,070	-	(43,538)	-	-	(40,468)
Total nonoperating revenues (expenses)	<u>3,831</u>	<u>1,476</u>	<u>(41,448)</u>	<u>3,989</u>	<u>27,748</u>	<u>(4,404)</u>
Income (loss) before capital grants, contributions and transfers	174,881	122,360	358,346	173,952	(565,866)	263,673
Capital grants and contributions	28,190	-	25,030	-	-	53,220
Change in net position	203,071	122,360	383,376	173,952	(565,866)	316,893
NET POSITION (DEFICIT):						
Beginning, restated	163,872	(404,031)	(21,349)	653,935	(50,229)	342,198
Ending	<u>\$ 366,943</u>	<u>\$ (281,671)</u>	<u>\$ 362,027</u>	<u>\$ 827,887</u>	<u>\$ (616,095)</u>	<u>\$ 659,091</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology	Consolidated Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 2,413,799	\$ 1,004,383	\$ 1,907,855	\$ 4,362,455	\$ 6,071,042	\$ 15,759,534
Other receipts	2,169	-	1,642	8,175	75,000	86,986
Payments to suppliers	(1,928,992)	(132,426)	(318,466)	(2,466,011)	(5,092,637)	(9,938,532)
Payments to employees	(273,739)	(734,904)	(1,097,827)	(1,533,293)	(886,747)	(4,526,510)
Net cash provided by operating activities	<u>213,237</u>	<u>137,053</u>	<u>493,204</u>	<u>371,326</u>	<u>166,658</u>	<u>1,381,478</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of capital assets	3,070	-	(43,538)	-	-	(40,468)
Acquisition and construction of capital assets	(28,190)	-	(109,920)	(45,804)	-	(183,914)
Capital grants and contributions for purchase of capital assets	28,190	-	25,030	-	-	53,220
Net cash provided by (used for) capital and related financing activities	<u>3,070</u>	<u>-</u>	<u>(128,428)</u>	<u>(45,804)</u>	<u>-</u>	<u>(171,162)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	761	1,476	2,090	3,989	27,746	36,062
Net cash provided by investing activities	<u>761</u>	<u>1,476</u>	<u>2,090</u>	<u>3,989</u>	<u>27,746</u>	<u>36,062</u>
Net increase (decrease) in equity in pooled cash, cash equivalents, and investments	217,068	138,529	366,866	329,511	194,404	1,246,378
EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:						
Beginning	365,664	418,227	445,456	1,246,694	9,488,394	11,964,435
Ending	<u>\$ 582,732</u>	<u>\$ 556,756</u>	<u>\$ 812,322</u>	<u>\$ 1,576,205</u>	<u>\$ 9,682,798</u>	<u>\$ 13,210,813</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 171,050	\$ 120,884	\$ 399,794	\$ 169,963	\$ (593,614)	\$ 268,077
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,552	-	32,146	97,328	2,383	135,409
(Increase) decrease in:						
Inventory	18,861	-	-	-	-	18,861
Prepays	-	410	-	-	3,192	3,602
Deferred amount for pensions	4,284	19,363	16,492	26,437	13,259	79,835
Increase (decrease) in:						
Accounts payable and other liabilities	(2,392)	(8,905)	(6,125)	4,076	(51,515)	(64,861)
Intergovernmental payable	53	26	128	(990)	217	(566)
Insurance claims payable	-	-	-	-	775,000	775,000
Compensated absences	9,063	(30,390)	15,067	21,991	(7,898)	7,833
Other post-employment benefits	1,528	2,961	7,356	7,875	3,240	22,960
Net pension liability	(986)	(4,457)	(3,838)	(6,086)	(3,052)	(18,419)
Deferred amount for pensions	8,224	37,161	32,184	50,732	25,446	153,747
Total adjustments	<u>42,187</u>	<u>16,169</u>	<u>93,410</u>	<u>201,363</u>	<u>760,272</u>	<u>1,113,401</u>
Net cash provided by operating activities	<u>\$ 213,237</u>	<u>\$ 137,053</u>	<u>\$ 493,204</u>	<u>\$ 371,326</u>	<u>\$ 166,658</u>	<u>\$ 1,381,478</u>

Discretely Presented Component Units

The Downtown Development Authority (DDA) – This fund accounts for the promotion and the development of the City’s designated downtown area and does not provide service entirely to the City.

First Step Shelter, Inc. – First Step Shelter, Inc. is a not-for-profit Florida corporation and is organized exclusively for charitable purposes as defined by 501(c)(3) of the Internal Revenue Code. First Step Shelter, Inc. has a purpose to develop, manage, and operate the shelter program, a homeless assistance service program located in Volusia County. The program includes a homeless shelter located within the City of Daytona Beach municipal boundaries and does not provide service entirely to the City.

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2018

	Downtown Development Authority	First Step Shelter, Inc.	Component Unit Total
ASSETS:			
Equity in pooled cash, cash equivalents, and investments	\$ 28,355	\$ 1,000,529	\$ 1,028,884
Intergovernmental receivable	50	-	50
Total assets	<u>28,405</u>	<u>1,000,529</u>	<u>1,028,934</u>
LIABILITIES:			
Accounts payable and other liabilities	13,601	3,203	16,804
Total liabilities	<u>13,601</u>	<u>3,203</u>	<u>16,804</u>
NET POSITION:			
Restricted:			
Human services	-	890,216	890,216
Unrestricted (deficit)	14,804	107,110	121,914
Total net position	<u>\$ 14,804</u>	<u>\$ 997,326</u>	<u>\$ 1,012,130</u>

The accompanying notes are an integral part of the financial statements.

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Downtown Development Authority	First Step Shelter, Inc.	Total Component Unit
OPERATING REVENUES:			
Taxes	\$ 117,132	\$ -	\$ 117,132
Intergovernmental	45,341	414,187	459,528
Income on investments	135	2,304	2,439
Miscellaneous	27,357	56,088	83,445
Total operating revenues	<u>189,965</u>	<u>472,579</u>	<u>662,544</u>
OPERATING EXPENSES:			
Current operating:			
Economic environment	192,802	-	192,802
Human services	-	67,421	67,421
Total operating expenses	<u>192,802</u>	<u>67,421</u>	<u>260,223</u>
Change in net position	(2,837)	405,158	402,321
NET POSITION:			
Beginning	17,641	592,168	609,809
Ending	<u>\$ 14,804</u>	<u>\$ 997,326</u>	<u>\$ 1,012,130</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING SCHEDULE OF DEPOSITS AND WITHDRAWALS
 REDEVELOPMENT TRUST FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	Downtown Redevelopment Trust Fund	Main Street Redevelopment Trust Fund	Ballough Road Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	South Atlantic Redevelopment Trust Fund	Total
DEPOSITS:						
Tax increment revenues:						
Daytona Beach	\$ 471,429	\$ 1,959,773	\$ 87,575	\$ 209,157	\$ 31,084	\$ 2,759,018
Volusia County	453,228	1,887,221	84,052	200,212	29,939	2,654,652
Halifax Hospital	28,144	116,999	5,228	12,487	1,856	164,714
East Volusia Mosquito Control	13,969	58,164	2,591	6,171	923	81,818
Ponce DeLeon Inlet and Port Authority	6,903	28,742	1,280	3,049	456	40,430
Volusia ECHO	14,860	61,877	2,756	6,564	982	87,039
Volusia Forever	6,725	28,002	1,248	2,970	444	39,389
Downtown Development Authority	45,341	-	-	-	-	45,341
Licenses and permits	1,515	8,444	-	-	-	9,959
Income on investments	3,999	9,399	4,236	2,966	229	20,829
Miscellaneous	859	14,000	-	2,522	-	17,381
Total deposits	1,046,972	4,172,621	188,966	446,098	65,913	5,920,570
WITHDRAWALS:						
Current operating:						
Personnel services	293,891	373,869	14,922	96,261	-	778,943
Professional services	2,828	19,910	-	67,868	9,375	99,981
Contractual services	153,862	262,308	36,406	20,450	-	473,026
Materials and supplies	6,441	6,436	377	-	-	13,254
Grants and subsidies	45,605	-	-	-	-	45,605
Capital outlay	82,566	1,945,064	35,239	-	-	2,062,869
Transfers to debt service funds	176,770	2,516,281	-	204,473	-	2,897,524
Total withdrawals	761,963	5,123,868	86,944	389,052	9,375	6,371,202
Excess (deficiency) of deposits over (under) withdrawals	285,009	(951,247)	102,022	57,046	56,538	(450,632)
FUND BALANCE:						
Beginning	932,744	2,602,856	1,346,458	1,151,697	23,778	6,057,533
Ending	<u>\$ 1,217,753</u>	<u>\$ 1,651,609</u>	<u>\$ 1,448,480</u>	<u>\$ 1,208,743</u>	<u>\$ 80,316</u>	<u>\$ 5,606,901</u>



Statistical Section



STATISTICAL SECTION

Summary of Statistical Tables

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> - These tables contain trend information to help the reader understand how the City's financial performance has changed over time.	
Table 1 – Net Position by Component.....	165
Table 2 – Changes in Net Position	166
Table 3 – Fund Balances of Governmental Funds.....	168
Table 4 – Changes in Fund Balances of Governmental Funds	169
<i>Revenue Capacity</i> - These tables contain information to help the reader assess the City's most significant local revenue sources which are property tax revenues and water and sewer revenues.	
Table 5 – Assessed Value and Estimated Actual Value of Taxable Property.....	170
Table 6 – Property Tax Rates – Direct and Overlapping Governments.....	171
Table 7 – Principal Property Taxpayers	172
Table 8 – Property Tax Levies and Collections.....	173
Table 9 – Water Produced and Consumed and Wastewater Treated	174
Table 10 – Water and Sewer Rates.....	175
Table 11 – Ten Largest Water and Sewer Customers.....	176
<i>Debt Capacity</i> - These tables 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.	
Table 12 – Ratios of Outstanding Debt by Type	177
Table 13 – Ratios of General Bonded Debt Outstanding.....	178
Table 14 – Governmental Activities Debt – Direct and Overlapping.....	179
Table 15 – Legal Debt Margin	180
Table 16 – Pledged Revenue Coverage	181
<i>Demographic and Economic Information</i> - These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Table 17 – Demographic and Economic Statistics	182
Table 18 – Principal Employers	183
<i>Operating Information</i> - These tables 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.	
Table 19 – Full Time Equivalent City Government Employees by Function/Program.....	184
Table 20 – Operating Indicators by Function	185
Table 21 – Capital Asset Statistics by Function/Program.....	186
Table 22 – Other Post-Employment Benefits (OPEB) Schedule of Statistical Information	187

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



THE CITY OF DAYTONA BEACH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

TABLE 1

	Post GASB Statement No. 68				
	2018	2017	2016	2015	2014 ¹
Governmental activities:					
Net investment in capital assets.....	\$ 91,978,293	\$ 85,932,944	\$ 82,226,618	\$ 80,888,821	\$ 78,165,983
Restricted.....	33,229,359	24,875,002	21,189,958	17,201,027	14,693,531
Unrestricted (deficit).....	(88,559,437)	(83,228,150)	(76,089,200)	(83,807,193)	(86,478,268)
Total governmental activities net position.....	\$ 36,648,215	\$ 27,579,796	\$ 27,327,376	\$ 14,282,655	\$ 6,381,246
Business-type activities:					
Net investment in capital assets.....	\$ 40,503,469	\$ 33,859,945	\$ 29,678,041	\$ 29,152,976	\$ 29,434,415
Restricted.....	34,734,738	28,742,079	26,571,106	24,140,340	22,144,897
Unrestricted.....	26,839,369	22,325,643	15,249,976	7,017,927	4,582,770
Total business-type activities net position.....	\$ 102,077,576	\$ 84,927,667	\$ 71,499,123	\$ 60,311,243	\$ 56,162,082
Primary government:					
Net investment in capital assets.....	\$ 132,481,762	\$ 119,792,889	\$ 111,904,659	\$ 110,041,797	\$ 107,600,398
Restricted.....	67,964,097	53,617,081	47,761,064	41,341,367	36,838,428
Unrestricted (deficit).....	(61,720,068)	(60,902,507)	(60,839,224)	(76,789,266)	(81,895,498)
Total primary government net position.....	\$ 138,725,791	\$ 112,507,463	\$ 98,826,499	\$ 74,593,898	\$ 62,543,328

	Pre GASB Statement No. 68					
	2014	2013	2012	2011	2010	2009
Governmental activities:						
Net investment in capital assets.....	\$ 78,165,983	\$ 79,354,998	\$ 79,053,315	\$ 77,344,195	\$ 78,195,233	\$ 72,934,036
Restricted.....	14,693,531	15,839,211	15,855,201	21,849,119	29,940,997	26,362,624
Unrestricted (deficit).....	(29,574,464)	(36,828,469)	(37,101,404)	(38,799,689)	(42,378,179)	(31,009,737)
Total governmental activities net position.....	\$ 63,285,050	\$ 58,365,740	\$ 57,807,112	\$ 60,393,625	\$ 65,758,051	\$ 68,286,923
Business-type activities:						
Net investment in capital assets.....	\$ 29,434,415	24,836,529	28,389,516	32,002,621	30,174,870	29,796,203
Restricted.....	22,144,897	16,031,728	15,186,559	8,652,357	7,326,684	8,868,861
Unrestricted.....	9,952,652	10,475,661	3,289,701	9,270,937	11,129,430	15,900,099
Total business-type activities net position.....	\$ 61,531,964	\$ 51,343,918	\$ 46,865,776	\$ 49,925,915	\$ 48,630,984	\$ 54,565,163
Primary government:						
Net investment in capital assets.....	\$ 107,600,398	104,191,527	107,442,831	109,346,816	108,370,103	102,730,239
Restricted.....	36,838,428	31,870,939	31,041,760	30,501,476	37,267,681	35,231,485
Unrestricted (deficit).....	(19,621,812)	(26,352,808)	(33,811,703)	(29,528,752)	(31,248,749)	(15,109,638)
Total primary government net position.....	\$ 124,817,014	\$ 109,709,658	\$ 104,672,888	\$ 110,319,540	\$ 114,389,035	\$ 122,852,086

Note: ¹ GASB Statement No. 68 was adopted in FY 2014-15, requiring a restatement to FY 2013-14 net position for comparison purposes.

THE CITY OF DAYTONA BEACH, FLORIDA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual basis of accounting)

TABLE 2

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government.....	\$ 14,919,468	\$ 10,013,302	\$ 10,732,698	\$ 10,286,301	\$ 12,051,945	\$ 9,945,512	\$ 8,835,129	\$ 8,001,811	\$ 9,159,626	\$ 11,075,968
Public safety.....	53,040,030	51,744,571	47,700,225	45,303,249	43,741,690	43,613,583	51,652,189	46,541,000	49,971,569	50,342,752
Physical environment.....	3,383,357	6,009,372	-	-	-	-	-	-	-	-
Transportation.....	11,486,429	12,406,637	9,529,914	8,256,702	8,411,691	8,084,538	8,251,725	13,099,200	10,091,889	10,629,226
Economic environment.....	3,807,287	3,556,658	3,793,466	3,502,219	3,968,188	4,671,421	5,126,426	5,567,234	7,730,105	6,439,954
Human services.....	508,592	1,753,902	540,138	78,972	37,412	153,105	126,997	16,963	27,000	29,380
Cultural and recreation.....	4,580,589	4,761,424	4,311,464	5,658,903	4,997,981	3,288,910	3,549,279	4,482,221	5,853,255	6,164,107
Interest on long-term debt.....	1,827,042	1,911,609	2,040,448	2,125,622	2,200,224	2,809,644	3,249,039	4,799,421	3,489,865	3,531,428
Total governmental activities expenses.....	<u>93,552,794</u>	<u>92,157,475</u>	<u>78,648,353</u>	<u>75,211,968</u>	<u>75,409,131</u>	<u>72,566,713</u>	<u>80,790,784</u>	<u>82,507,850</u>	<u>86,323,309</u>	<u>88,212,815</u>
Business-type activities:										
Water and sewer system.....	38,859,366	36,469,225	35,655,867	37,567,157	32,844,345	32,987,080	33,849,033	33,094,587	33,860,111	35,250,850
Solid waste management.....	9,507,986	9,198,135	8,594,048	9,391,240	9,432,333	9,588,511	8,641,496	8,620,577	8,938,976	9,135,614
Stormwater improvement.....	4,348,012	5,284,463	4,948,927	2,818,747	5,198,128	5,765,271	6,000,169	5,341,941	5,430,617	5,501,163
Halifax Harbor.....	2,920,282	2,948,461	2,784,161	4,892,204	3,235,580	3,077,155	3,315,714	3,611,338	3,518,190	4,077,039
Cultural services.....	4,517,646	3,471,843	3,592,082	3,554,638	2,788,729	2,063,216	2,179,166	2,078,848	2,419,559	2,458,601
Municipal Golf Course.....	1,942,714	1,822,116	1,782,413	2,068,289	2,006,200	2,068,160	2,167,185	2,116,504	2,196,769	2,172,303
Florida Tennis Center.....	596,688	546,838	580,029	585,676	575,717	575,334	647,880	667,443	640,555	682,986
Municipal Stadium/Jackie Robinson Ballpark.....	350,857	364,654	486,014	380,920	366,545	294,106	591,614	501,067	-	-
Daytona Beach Pier.....	741,394	666,490	467,409	527,508	425,896	281,846	354,584	73,179	252,710	-
Total business-type activities expenses.....	<u>63,784,945</u>	<u>60,772,225</u>	<u>58,890,950</u>	<u>61,786,379</u>	<u>56,873,473</u>	<u>56,700,679</u>	<u>57,746,841</u>	<u>56,105,484</u>	<u>57,257,487</u>	<u>59,278,556</u>
Total primary government expenses.....	<u>\$ 157,337,739</u>	<u>\$ 152,929,700</u>	<u>\$ 137,539,303</u>	<u>\$ 136,998,347</u>	<u>\$ 132,282,604</u>	<u>\$ 129,267,392</u>	<u>\$ 138,537,625</u>	<u>\$ 138,613,334</u>	<u>\$ 143,580,796</u>	<u>\$ 147,491,371</u>
Program revenues:										
Governmental activities:										
Fees, fines, and charges for services:										
General government.....	\$ 7,602,600	\$ 6,871,891	\$ 7,818,031	\$ 5,230,580	\$ 4,669,486	\$ 4,793,671	\$ 4,041,855	\$ 4,779,240	\$ 4,740,804	\$ 4,448,403
Public safety.....	2,330,228	1,779,440	2,617,272	1,895,590	2,957,560	2,614,185	2,467,335	3,424,928	1,129,317	915,820
Transportation.....	629,049	442,249	820,460	133,564	1,697,748	320,411	294,252	552,669	520,830	471,070
Economic environment.....	1,021,559	777,830	682,020	661,149	677,257	-	-	-	-	-
Human services.....	-	-	-	-	4,496	-	-	-	-	-
Cultural and recreation.....	1,458,389	560,834	1,190,826	596,188	983,727	629,826	759,223	875,471	945,663	683,981
Operating grants and contributions.....	7,318,578	4,670,880	3,331,026	2,706,510	2,258,914	5,922,790	4,968,752	4,073,771	5,290,920	3,769,981
Capital grants and contributions.....	4,522,339	1,425,262	2,210,454	4,271,772	3,435,436	693,052	830,038	1,855,292	3,286,674	1,647,125
Total governmental activities program revenues.....	<u>24,882,742</u>	<u>16,528,386</u>	<u>18,670,089</u>	<u>15,495,353</u>	<u>16,684,624</u>	<u>14,973,935</u>	<u>13,361,455</u>	<u>15,561,371</u>	<u>15,914,208</u>	<u>11,936,380</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Accrual basis of accounting)

TABLE 2
 (continued)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Fees, fines, and charges for services:										
Water and sewer system.....	51,015,207	47,971,798	47,699,578	43,741,137	41,833,640	40,124,364	37,939,832	36,127,442	34,846,363	33,677,356
Solid waste management.....	17,153,480	16,098,643	15,408,144	14,223,789	13,676,011	12,840,470	12,794,852	12,420,171	11,760,210	11,267,551
Stormwater improvement.....	11,972,680	11,397,638	10,909,801	10,086,045	9,861,549	9,399,865	8,801,460	8,594,436	8,127,205	7,327,240
Halifax Harbor.....	3,610,082	3,481,716	2,791,735	2,763,984	2,951,497	3,129,768	3,318,582	3,600,631	3,951,069	4,226,032
Cultural services.....	3,515,051	2,853,193	2,894,245	2,707,998	2,186,758	1,742,310	1,837,276	1,970,977	1,937,258	2,029,522
Municipal Golf Course.....	1,468,945	1,368,576	1,626,009	1,834,737	1,754,061	1,867,080	2,020,753	1,942,763	1,892,701	2,035,290
Florida Tennis Center.....	399,868	435,979	479,957	460,547	474,138	482,380	343,713	319,266	286,046	267,221
Municipal Stadium/Jackie Robinson Ballpark.....	255,439	351,006	423,883	361,498	391,119	220,562	271,774	319,039	-	-
Daytona Beach Pier.....	986,184	804,898	969,817	944,424	930,910	872,425	157,945	-	-	-
Operating grants and contributions.....	65,763	72,854	151,475	435,595	166,378	667,957	281,464	18,977	63,674	-
Capital grants and contributions.....	7,281,354	5,088,138	3,394,010	1,661,727	1,979,030	502,849	806,524	1,281,603	1,105,481	339,388
Total business-type activities program revenues.....	97,724,053	89,924,439	86,748,654	79,221,481	76,205,091	71,850,030	68,574,175	66,595,305	63,970,007	61,169,600
Total primary government program revenue.....	\$ 122,606,795	\$ 106,452,825	\$ 105,418,743	\$ 94,716,834	\$ 92,889,715	\$ 86,823,965	\$ 81,935,630	\$ 82,156,676	\$ 79,884,215	\$ 73,105,980
Net (expense)/revenue:										
Governmental activities.....	\$ (68,670,052)	\$ (75,629,089)	\$ (59,978,264)	\$ (59,716,615)	\$ (58,724,507)	\$ (57,592,778)	\$ (67,429,329)	\$ (66,946,479)	\$ (70,409,101)	\$ (76,276,435)
Business-type activities.....	33,939,108	29,152,214	27,857,704	17,435,102	19,331,618	15,149,351	10,827,334	10,489,821	6,712,520	1,891,044
Total primary government net expense.....	\$ (34,730,944)	\$ (46,476,875)	\$ (32,120,560)	\$ (42,281,513)	\$ (39,392,889)	\$ (42,443,427)	\$ (56,601,995)	\$ (56,456,658)	\$ (63,696,581)	\$ (74,385,391)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes.....	\$ 28,214,204	\$ 26,873,734	\$ 25,642,518	\$ 24,575,317	\$ 24,476,873	\$ 21,549,133	\$ 21,511,243	\$ 24,170,806	\$ 24,415,008	\$ 29,062,034
Gas taxes.....	1,952,241	1,925,285	1,866,300	1,767,102	1,700,020	1,692,182	1,706,902	1,687,713	1,708,363	1,728,120
Public service taxes.....	11,547,176	10,889,630	10,761,889	10,520,534	10,534,431	10,063,483	9,684,518	9,875,635	10,226,089	9,837,397
Sales taxes.....	3,759,786	3,539,341	3,392,288	3,213,470	2,998,827	2,811,296	2,667,778	2,654,618	2,623,736	2,654,291
Franchise taxes.....	6,301,472	6,112,377	5,992,635	6,108,348	6,020,481	5,647,528	5,659,848	6,099,169	6,272,497	6,798,421
Tax increment taxes.....	3,068,042	2,974,533	2,677,785	-	-	-	-	-	-	-
Other taxes.....	937,925	813,175	903,455	3,489,116	3,281,154	3,031,353	3,534,736	4,012,848	5,579,834	769,192
Intergovernmental revenues not restricted										
to specific programs.....	2,685,849	2,684,011	2,392,717	2,410,302	2,314,438	2,241,497	3,258,944	2,283,238	2,280,392	8,448,508
Investment earnings.....	843,607	404,539	347,629	390,887	175,957	64,110	245,801	374,134	807,213	2,092,307
Miscellaneous.....	1,239,546	2,485,416	1,042,203	95,905	1,350,500	694,932	1,851,888	490,710	521,634	1,290,755
Transfers.....	17,673,153	17,179,468	18,003,566	15,047,043	10,791,136	10,915,493	14,721,158	9,933,182	13,445,463	9,486,521
Total governmental activities.....	78,223,001	75,881,509	73,022,985	67,618,024	63,643,817	58,711,007	64,842,816	61,582,053	67,880,229	72,167,546
Business-type activities:										
Income on investments.....	620,629	517,045	522,150	557,846	526,721	54,841	49,789	54,458	73,880	268,970
Miscellaneous.....	407,550	938,753	811,592	1,203,256	1,120,843	752,377	783,896	683,834	724,884	524,399
Transfers.....	(17,673,153)	(17,179,468)	(18,003,566)	(15,047,043)	(10,791,136)	(10,915,493)	(14,721,158)	(9,933,182)	(13,445,463)	(9,486,521)
Total business-type activities.....	(16,644,974)	(15,723,670)	(16,669,824)	(13,285,941)	(9,143,572)	(10,108,275)	(13,887,473)	(9,194,890)	(12,646,699)	(8,693,152)
Total primary government.....	\$ 61,578,027	\$ 60,157,839	\$ 56,353,161	\$ 54,332,083	\$ 54,500,245	\$ 48,602,732	\$ 50,955,343	\$ 52,387,163	\$ 55,233,530	\$ 63,474,394
Changes in net position:										
Governmental activities.....	\$ 9,552,949	\$ 252,420	\$ 13,044,721	\$ 7,901,409	\$ 4,919,310	\$ 1,118,229	\$ (2,586,513)	\$ (5,364,426)	\$ (2,528,872)	\$ (4,108,889)
Business-type activities.....	17,294,134	13,428,544	11,187,880	4,149,161	10,188,046	5,041,076	(3,060,139)	1,294,931	(5,934,179)	(6,802,108)
Total primary government.....	\$ 26,847,083	\$ 13,680,964	\$ 24,232,601	\$ 12,050,570	\$ 15,107,356	\$ 6,159,305	\$ (5,646,652)	\$ (4,069,495)	\$ (8,463,051)	\$ (10,910,997)

THE CITY OF DAYTONA BEACH, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified accrual basis of accounting)

TABLE 3

	Post GASB Statement No. 54								
	2018	2017	2016	2015	2014	2013	2012	2011	2010 ¹
General Fund:									
Non-spendable.....	\$ 385,002	370,690	\$ 380,664	\$ 393,251	\$ 376,343	\$ 370,842	\$ 396,937	\$ 405,373	191,375
Restricted.....	258,549	331,932	333,837	367,343	322,376	254,142	242,888	231,543	682,315
Committed.....	-	-	-	-	-	-	139,155	27,952	-
Assigned.....	5,299,295	6,425,723	3,631,728	785,789	469,733	737,777	304,552	490,178	571,469
Unassigned.....	18,264,876	15,882,777	17,163,335	14,555,696	9,637,832	7,836,572	7,056,032	4,371,487	6,425,986
Total General Fund.....	<u>\$ 24,207,722</u>	<u>23,011,122</u>	<u>\$ 21,509,564</u>	<u>\$ 16,102,079</u>	<u>\$ 10,806,284</u>	<u>\$ 9,199,333</u>	<u>\$ 8,139,564</u>	<u>\$ 5,526,533</u>	<u>7,871,145</u>
All other governmental funds:									
Non-spendable.....	\$ -	1,890	\$ -	\$ -	\$ 300,349	\$ 320,016	\$ 358,308	\$ 295,077	-
Restricted.....	26,145,891	19,273,086	20,856,121	15,530,328	14,371,155	14,043,022	14,039,424	18,553,209	10,995,905
Committed.....	-	-	-	-	-	-	372,246	1,711,396	-
Assigned.....	3,308,374	3,370,578	2,852,396	1,162,500	1,744,121	113,412	1,691	382,974	17,226,018
Unassigned.....	(2,881,458)	-	-	-	-	-	-	-	1,263,898
Total all other governmental funds...	<u>\$ 26,572,807</u>	<u>22,645,554</u>	<u>\$ 23,708,517</u>	<u>\$ 16,692,828</u>	<u>\$ 16,415,625</u>	<u>\$ 14,476,450</u>	<u>\$ 14,771,669</u>	<u>\$ 20,942,656</u>	<u>29,485,821</u>

	Pre GASB Statement No. 54	
	2010	2009
General Fund:		
Reserved.....	1,445,159	\$ 992,604
Unreserved.....	6,425,986	7,040,348
Total General Fund.....	<u>7,871,145</u>	<u>\$ 8,032,952</u>
All other governmental funds:		
Reserved.....	28,890,264	\$ 26,405,229
Unreserved, reported in:		
Special revenue funds.....	595,557	1,115,053
Total all other governmental funds.....	<u>29,485,821</u>	<u>\$ 27,520,282</u>

Note: ¹ GASB Statement No. 54 was adopted in FY 2010-11, requiring a restatement of FY 2009-10 data for comparison purposes.

THE CITY OF DAYTONA BEACH, FLORIDA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (Modified accrual basis of accounting)

TABLE 4

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes.....	\$ 43,630,484	41,564,174	\$ 40,260,693	\$ 38,772,381	\$ 38,542,276	\$ 34,866,430	\$ 34,768,187	\$ 37,478,244	\$ 38,550,195	\$ 42,079,938
Licenses and permits.....	10,291,638	9,708,904	10,012,489	8,479,557	8,193,227	7,351,721	6,801,601	7,232,291	7,454,325	7,913,023
Intergovernmental.....	21,104,002	15,200,810	13,763,263	15,136,183	15,286,105	14,008,579	12,982,007	13,713,397	15,810,904	15,260,059
Charges for services.....	3,700,798	3,362,026	3,427,994	3,408,436	3,281,525	3,522,061	3,133,741	2,868,499	3,522,450	3,305,686
Fines and forfeitures.....	519,410	566,132	608,225	694,122	2,277,592	2,081,279	2,178,799	3,476,047	870,472	993,841
Special assessments/impact fees.....	3,589,073	1,845,907	3,927,091	612,918	394,652	180,335	138,515	1,094,795	811,899	270,666
Income on investments.....	807,543	392,496	345,865	381,594	164,355	64,109	245,798	374,134	796,626	2,039,686
Miscellaneous.....	1,354,897	2,570,959	1,355,568	1,293,809	1,385,971	727,723	2,400,288	684,151	784,500	1,351,082
Total revenues	84,997,845	75,211,408	73,701,188	68,779,000	69,525,703	62,802,237	62,648,936	66,921,558	68,601,371	73,213,981
Expenditures:										
General government.....	8,979,888	8,411,216	7,227,613	7,156,406	6,347,796	6,638,088	5,990,296	6,832,675	7,547,067	9,600,972
Public safety.....	48,806,814	45,781,802	43,241,035	42,487,269	42,922,868	42,002,372	44,974,064	47,185,414	46,285,386	47,121,328
Physical Environment.....	3,383,357	6,009,372	-	-	-	-	-	-	-	-
Transportation.....	10,799,849	13,039,409	9,130,762	8,213,904	8,324,963	7,841,138	7,940,577	10,733,447	8,900,249	9,266,164
Economic environment.....	3,690,743	3,414,541	3,750,935	3,558,170	4,014,608	4,724,564	5,094,065	4,919,533	7,697,052	4,246,923
Human services.....	508,592	502,824	540,138	78,972	37,412	153,105	126,997	16,963	27,000	29,380
Culture and recreation.....	4,503,719	4,577,417	4,239,352	5,704,829	5,019,453	3,273,613	3,550,911	3,710,578	4,542,541	4,823,629
Capital outlay.....	12,364,652	5,634,660	6,735,494	6,809,773	5,009,091	3,125,495	7,888,042	9,044,142	9,896,262	10,265,702
Debt service:										
Principal.....	3,539,121	3,484,692	3,277,409	3,186,540	2,993,959	2,994,381	2,725,583	1,993,925	1,970,578	4,180,945
Interest and fiscal charges.....	1,777,971	1,886,092	1,976,958	2,062,047	2,136,563	2,218,480	3,159,055	3,366,103	2,862,067	2,882,059
Total expenditures	98,354,706	92,742,025	80,119,696	79,257,910	76,806,713	72,971,236	81,449,590	87,802,780	89,728,202	92,417,102
Excess (deficiency) of revenue over (under) expenditures.....	(13,356,861)	(17,530,617)	(6,418,508)	(10,478,910)	(7,281,010)	(10,168,999)	(18,800,654)	(20,881,222)	(21,126,831)	(19,203,121)
Other financing sources (uses):										
Capital-related debt issued.....	2,018,000	789,743	838,116	1,004,865	-	-	19,045,540	34,761,703	9,649,100	2,286,832
Payments to escrow agent.....	(1,555,899)	-	-	-	-	-	(18,560,000)	(34,612,440)	-	-
Proceeds from insurance recovery.....	345,460	-	-	-	-	-	-	-	-	-
Transfers in.....	25,995,996	28,785,986	26,320,096	23,025,071	19,077,091	16,950,680	20,975,249	15,977,296	18,663,080	20,021,175
Transfers (out).....	(8,322,843)	(11,606,517)	(8,316,530)	(7,978,028)	(8,249,955)	(6,017,131)	(6,218,091)	(6,133,114)	(5,381,617)	(10,573,654)
Total other financing sources (uses)	18,480,714	17,969,212	18,841,682	16,051,908	10,827,136	10,933,549	15,242,698	9,993,445	22,930,563	11,734,353
Net change in fund balances	\$ 5,123,853	438,595	\$ 12,423,174	\$ 5,572,998	\$ 3,546,126	\$ 764,550	\$ (3,557,956)	\$ (10,887,777)	\$ 1,803,732	\$ (7,468,768)
Debt service expenditures as a percentage of noncapital expenditures.....										
	6.2%	6.2%	7.2%	7.2%	7.1%	7.5%	8.0%	6.8%	6.1%	8.6%

THE CITY OF DAYTONA BEACH, FLORIDA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year Ended September 30 ²	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property	Vacant Land and Other	Tangible Personal Property	Total Market Value	Less: Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ¹
2018	\$ 2,847,927,888	\$ 1,539,831,183	\$ 195,143,658	\$ 100,992,354	\$ 387,094,766	\$ 1,178,695,335	\$ 313,652,939	\$ 760,774,093	\$ 7,324,112,216	\$ 2,991,759,480	\$ 4,332,352,736	6.67220 %
2017	2,596,125,201	1,378,479,280	184,421,089	91,432,567	331,803,822	909,117,062	299,990,588	703,732,608	6,495,102,217	2,550,553,384	3,944,548,833	7.00960
2016	2,413,494,445	1,228,060,547	141,460,473	87,098,528	240,766,991	837,643,412	355,694,675	640,478,030	5,944,697,101	2,332,361,988	3,612,335,113	7.33340
2015	2,205,004,032	1,183,636,481	137,619,000	91,816,451	225,150,182	797,265,895	321,853,997	661,241,912	5,623,587,950	2,195,874,518	3,427,713,432	7.35170
2014	2,017,345,022	1,103,205,158	125,503,416	92,086,362	215,076,927	741,062,141	299,204,909	661,283,991	5,254,767,926	1,985,502,392	3,269,265,534	7.68310
2013	1,950,876,530	1,084,057,722	124,074,615	97,501,877	218,501,538	696,606,738	279,363,092	674,213,949	5,125,196,061	1,915,836,708	3,209,359,353	7.03040
2012	2,082,420,061	1,120,718,637	126,418,039	109,776,935	231,475,161	586,087,774	427,645,020	682,097,968	5,366,639,595	1,984,094,808	3,382,544,787	6.73960
2011	2,319,064,445	1,209,188,482	136,045,929	113,035,130	255,268,290	596,750,346	469,058,638	734,794,582	5,833,205,842	2,142,093,185	3,691,112,657	6.74670
2010	2,757,961,972	1,461,784,084	167,378,600	145,531,600	317,103,313	662,098,807	442,752,394	726,155,011	6,680,765,781	2,337,206,150	4,343,559,631	5.79829
2009	3,643,730,955	1,656,005,720	192,490,211	202,661,404	359,924,482	692,748,014	667,373,432	739,262,267	8,154,196,485	2,864,087,312	5,290,109,173	5.73347

Source: Volusia County, Florida, Property Appraiser.

Notes: ¹ Property in The City of Daytona Beach is reassessed each year by the Volusia County Property Appraiser. Property is assessed at actual value. Tax rates are per \$1,000 of assessed value.

² All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all FY 2017-18 data was obtained from the 2017 calendar year tax roll).

THE CITY OF DAYTONA BEACH, FLORIDA
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

TABLE 6

Fiscal Year ¹	City of Daytona Beach			Volusia County						Overlapping Rates Volusia County School District				Special Districts				Total Direct and Overlapping Rates
	Operating	Debt Service	Total City	Operating	Debt Service	Total County	St. Johns River Water Management	Florida Inland Navigation	Hospital	School District	School District	School District	School District	Daytona Beach Downtown Development Authority	Ponce DeLeon Inlet and Port Authority	Mosquito Control District	Total Special Districts	
							District	District	District	Required	Discretionary	Debt Service	Total School District	Total				
2018	6.33330	0.33890	6.67220	6.65200	0.40000	7.05200	0.27240	0.03200	0.37810	5.77200	0.74800	-	6.52000	1.00000	0.09290	0.18800	1.28090	22.20760
2017	6.63670	0.37290	7.00960	6.65200	0.40000	7.05200	0.28850	0.03200	0.75610	6.10000	0.74800	-	6.84800	1.00000	0.09290	0.18800	1.28090	23.26710
2016	6.92200	0.41140	7.33340	6.87090	0.40000	7.27090	0.30230	0.03200	0.95500	6.44900	0.74800	-	7.19700	1.00000	0.09290	0.18800	1.28090	24.37150
2015	6.92200	0.42970	7.35170	6.87090	0.40000	7.27090	0.31640	0.03450	1.00000	6.58800	0.74800	-	7.33600	1.00000	0.09290	0.18800	1.28090	24.59040
2014	7.23570	0.44740	7.68310	6.87090	0.40000	7.27090	0.32830	0.03450	1.00000	6.61000	0.74800	-	7.35800	1.00000	0.09290	0.20800	1.30090	24.97570
2013	6.57340	0.45700	7.03040	6.48090	0.40000	6.88090	0.33130	0.03450	1.25000	6.89000	0.99800	-	7.88800	1.00000	0.09290	0.20800	1.30090	24.71600
2012	6.25980	0.47980	6.73960	6.37910	0.40000	6.77910	0.33130	0.03450	1.75000	7.06500	0.99800	-	8.06300	1.00000	0.09290	0.20800	1.30090	24.99840
2011	6.30440	0.44230	6.74670	5.90250	0.40000	6.30250	0.41580	0.03450	2.00000	7.23900	0.99800	-	8.23700	1.00000	0.09290	0.20800	1.30090	25.03740
2010	5.42476	0.37353	5.79829	5.97434	0.40000	6.37434	0.41580	0.03450	2.25000	6.80700	0.99800	-	7.80500	1.00000	0.09360	0.20966	1.30326	23.98119
2009	5.42476	0.30871	5.73347	5.00374	0.39999	5.40373	0.41580	0.03450	2.25000	6.79500	0.66400	-	7.45900	1.00000	0.07771	0.20556	1.28327	22.57977

Source: Volusia County Property Appraiser's website.

Notes: Tax millage rates are per \$1,000 of assessed value.

¹All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all FY 2017-18 data was obtained from the 2017 calendar year tax roll).

THE CITY OF DAYTONA BEACH, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT AND NINE YEARS AGO

TABLE 7

Taxpayer	Type of Business	September 30, 2018			September 30, 2009		
		(2018 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Value	(2009 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Value
Florida Power & Light Company	Electric Utility	\$ 117,210,936	1	2.71%	\$ 67,891,069	3	1.28%
International Speedway Corporation	Sports/Entertainment	112,344,561	2	2.59%	112,286,064	1	2.12%
Ocean Walk II Condominium Association	Condominium	111,756,348	3	2.58%			
Daytona Beach Owner Opco LP	Accommodations	81,297,272	4	1.88%			
Volusia Mall LLC	Regional Shopping Centers	55,044,573	5	1.27%	60,545,716	5	1.14%
Tanger Daytona LLC	Regional Shopping Centers	50,125,061	6	1.16%			
Trader Joes East Inc.	Warehouse/Distribution	49,007,778	7	1.13%			
AT&T Services Inc.	Retail	34,379,668	8	0.79%			
Indigo Dekalb & Dean LLC	Accommodations	29,360,423	9	0.68%			
DK Gateway Andros LLC	Apartments	26,147,388	10	0.60%			
Tower II Development Company LLC	Accommodations	-	-	-	93,448,066	2	1.77%
GEPA Hotel Owner BD LLC	Accommodations	-	-	-	63,609,381	4	1.20%
Fairfield Communities Inc	Accommodations	-	-	-	53,644,923	6	1.01%
Bray & Gillespie	Timeshare Investments	-	-	-	39,227,712	7	0.74%
Bellsouth Telecommunications Inc	Telephone	-	-	-	34,707,123	8	0.66%
Grand Seas Resorts Partners	Accommodations	-	-	-	30,061,174	9	0.57%
PMAT Bellair LLC	Retail	-	-	-	23,904,160	10	0.45%
Total		\$ <u>666,674,008</u>		<u>15.39%</u>	\$ <u>579,325,388</u>		<u>10.94%</u>

Source: Volusia County Property Appraiser.

THE CITY OF DAYTONA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 8

Fiscal Year Ended September 30,	Taxes Levied For Year	Collected to End of Tax Year		Delinquent Collections ¹	Total Collected	
		Amount	Percent of Levy		Amount	Percent of Levy
2018	\$ 27,438,090	\$ 25,707,921	93.69%	\$ 1,059,840	\$ 26,767,761	97.56%
2017	26,178,787	24,496,495	93.57%	934,488	25,430,983	97.14%
2016	25,004,584	23,240,711	92.95%	962,038	24,202,749	96.79%
2015	23,726,632	22,841,109	96.27%	290,801	23,131,909	97.49%
2014	23,655,425	21,817,045	92.23%	1,195,065	23,012,110	97.28%
2013	21,013,948	19,409,554	92.37%	736,575	20,146,129	95.87%
2012	21,174,054	20,332,695	96.03%	(286,992)	20,045,703	94.67%
2011	23,270,251	22,335,032	95.98%	207,804	22,542,836	96.87%
2010	23,562,769	22,677,935	96.24%	334,634	23,012,569	97.66%
2009	28,710,082	27,163,645	94.61%	196,873	27,360,518	95.30%

Source: Volusia County, Florida Tax Collector and the City of Daytona Beach Finance Department.

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e. FY 2017-18 collections are from the 2017 tax levy).

¹ During FY 2011-12, the City paid back \$419,536 to the Volusia County Property Appraiser due to settlements of several Seventh Judicial Circuit Court cases involving the Volusia County Property Appraiser and corporations in the Daytona Beach area.

THE CITY OF DAYTONA BEACH, FLORIDA
 WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED
 LAST TEN FISCAL YEARS

TABLE 9

Fiscal Year Ended September, 30	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Known Flushing*	Gallons of Water Unbilled	Average Percent Unbilled**	Gallons of Wastewater Treated	Total Direct Rate ⁽¹⁾			
							Water		Sewer	
							Base Rate	Usage Rate	Base Rate	Usage Rate
2018	4,354	3,724	108	523	12.01%	4,751	10.98	5.39	4.31	9.27
2017	4,461	3,818	304	339	7.60%	4,037	10.63	5.22	4.18	8.98
2016	4,317	3,846	89	382	8.85%	3,869	10.23	5.02	4.02	8.64
2015	4,577	3,760	357	460	10.05%	4,042	9.78	4.80	3.84	8.26
2014	4,687	4,102	490	95	2.03%	4,013	9.47	4.65	3.72	8.00
2013	4,512	3,468	322	722	16.00%	3,990	9.06	4.45	3.56	7.66
2012	4,310	3,414	N/A	896	20.79%	3,850	8.59	4.22	3.38	7.26
2011	4,243	3,619	N/A	624	14.71%	3,441	8.17	4.01	3.21	6.90
2010	4,166	3,501	N/A	665	15.96%	4,008	7.69	3.78	3.02	6.50
2009	4,201	3,645	N/A	556	13.23%	4,455	7.24	3.56	2.84	6.12

Source: The City of Daytona Beach Finance and Utilities Departments

* Prior to FY 2013 this figure was not tracked and therefore unavailable.

**Known Flushing is not included in this calculation prior to FY 13 and would account for the increase in the Unbilled percent rate.

Note: Gallons are presented in millions

⁽¹⁾ Assumes typical single family residence located within City limits

THE CITY OF DAYTONA BEACH, FLORIDA
WATER AND SEWER RATES
LAST TEN FISCAL YEARS

TABLE 10

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
¹ Water Rates:										
Base Rate (meter size):										
3/4" to 2".....	\$ 10.98	\$ 10.63	\$ 10.23	\$ 9.78	\$ 9.47	\$ 9.06	\$ 8.59	\$ 8.17	\$ 7.69	\$ 7.24
3"-10".....	14.66	14.20	13.66	13.05	12.63	12.09	11.46	10.89	10.25	9.65
² Usage rate (per 1,000 gallons).....	5.39	5.22	5.02	4.80	4.65	4.45	4.22	4.01	3.78	3.56
¹ Sewer Rates:										
Base rate.....	4.31	4.18	4.02	3.84	3.72	3.56	3.38	3.21	3.02	2.84
² Usage rate (per 1,000 gallons).....	9.27	8.98	8.64	8.26	8.00	7.66	7.26	6.90	6.50	6.12

Source: City of Daytona Beach Finance Department

Notes: Increases in water and sewer rates must be approved by the City Commission. City Code provides for an annual automatic rate increase based on the change in the Consumer Price Index from July 1 of the preceding calendar year through June 30 of the present calendar year times the existing rates.

¹ The City has three billing zones as follows:
ZONE 0 = Inside City limits = Billed at 100% of rates shown in above table.
ZONE 1 = Outside City limits mainland = Billed at 125% of rates shown in above table.
ZONE 2 = Outside City limits South Peninsula = Billed at 133% of rates shown in above table.

² All customers are charged a minimum usage bill equal to 1,000 gallons of consumption multiplied by the usage rate. For multi-family dwelling accounts, the minimum usage is based on 1,000 gallons per unit. If actual consumption is greater than the minimum bill, then the account is charged for the actual consumption used.

THE CITY OF DAYTONA BEACH, FLORIDA
 TEN LARGEST WATER AND SEWER CUSTOMERS
 CURRENT AND NINE YEARS AGO

TABLE 11

Customer	Customer Type	September 30, 2018			September 30, 2009		
		Amount	Percent of Total Revenue	Rank	Amount	Percent of Total Revenue	Rank
Halifax Medical Center.....	Hospital	\$ 2,275,793	4.46%	1	\$ 1,087,006	3.20%	2
City of South Daytona.....	Bulk	1,997,317	3.92%	2	1,752,972	5.16%	1
Florida Department of Corrections.....	Government	1,949,599	3.82%	3	1,068,882	3.15%	3
City of Daytona Beach.....	Government	1,437,730	2.82%	4	977,617	2.88%	4
Hilton/Daytona Beach Owner LLC.....	Hotel	1,390,236	2.73%	5	697,979	2.05%	8
Florida Hospital Memorial Medical Center.....	Hospital	1,335,725	2.62%	6	-		
Embry-Riddle Aeronautical University.....	Educational Institution	1,208,382	2.37%	7	827,189	2.43%	5
County of Volusia.....	Government	1,119,757	2.19%	8	811,075	2.39%	6
Daytona International Speedway.....	Sports/Entertainment	938,072	1.84%	9	666,950	1.96%	9
B Braun Medical Inc.....	Industrial	620,643	1.22%	10	-		
Bray & Gillespie, LLC.....	Timeshare Investments	-			760,266	2.24%	7
Ocean Walk Condominium Association	Timeshare Investments	-			522,421	1.54%	10
Total		\$ 14,273,254	27.98%		\$ 9,172,357	27.00%	

Source: The City of Daytona Beach Finance Department.

THE CITY OF DAYTONA BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12

Fiscal Year Ended September 30,	Governmental Activities				Business-Type					Total Outstanding Debt	Percent of Personal Income		Per Capita
	General Obligation Bonds	Capital Revenue Bonds	Notes and Capital Lease	Total	Capital Revenue Bonds	Water, Sewer & Stormwater Bonds	Notes and Capital Lease	State Revolving Fund Loans	Total		Income	Capita	
2018	\$ 13,226,270	\$ 24,629,459	\$ 9,099,758	\$ 46,955,487	\$ 139,024	\$ 38,481,196	\$ 28,512,000	\$ 26,468,773	\$ 93,600,993	\$ 140,556,480	2.93 %	2,121	
2017	14,245,023	26,112,827	9,696,686	50,054,536	190,163	43,168,111	25,185,681	26,426,079	94,970,034	145,024,570	2.70	2,212	
2016	15,243,775	27,650,619	9,877,341	52,771,735	322,294	47,712,571	23,033,263	24,055,524	95,123,652	147,895,387	2.58	2,291	
2015	16,222,524	29,152,460	9,859,654	55,234,638	457,970	52,122,493	23,713,467	21,005,710	97,299,640	152,534,278	2.37	2,414	
2014	17,181,279	30,619,129	9,641,681	57,442,089	597,925	56,431,365	24,655,378	5,466,976	87,151,644	144,593,733	2.41	2,303	
2013	18,120,031	32,045,436	10,295,660	60,461,127	741,915	60,431,319	25,536,046	4,550,545	91,259,825	151,720,952	2.28	2,446	
2012	19,043,783	33,425,484	10,984,728	63,453,995	885,666	60,740,331	26,029,392	2,819,690	90,475,079	153,929,074	2.17	2,522	
2011	19,315,000	34,599,710	11,535,682	65,450,392	1,020,290	43,370,000	26,703,318	18,150,702	89,244,310	154,694,702	1.98	2,561	
2010	20,045,000	35,756,558	11,774,472	67,576,030	1,393,442	46,515,000	27,260,628	19,464,520	94,633,590	162,209,620	1.94	2,659	
2009	20,750,000	36,860,675	2,286,832	59,897,507	1,544,324	49,535,000	27,655,168	20,316,070	99,050,562	158,948,069	1.91	2,468	

Sources: The City of Daytona Beach Finance Department.
Per Capita Income - Florida Research and Economic Information Database (FREIDA).
Population - U.S. Census Bureau for 2010. Bureau of Economic and Business Research, University of Florida, for 2018. All other periods estimated by Volusia County.

Note: Details concerning the City's outstanding debt can be found in the notes to the financial statements.
Principal amounts are stated net of unamortized premiums, discounts, and deferred amounts on refunding.
Personal income and population data can be found in TABLE 17.

THE CITY OF DAYTONA BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

Fiscal Year Ended September 30,	Governmental Activities			Percentage of Net Assessed Taxable Property Value ³	Debt Per Capita ⁴
	General Obligation Bonds ¹	Less: Amount Available in Debt Service Fund ²	Total		
2018	\$ 13,226,270	\$ 405,124	\$ 12,821,146	0.30%	\$ 193
2017	14,245,023	370,408	13,874,615	0.35%	212
2016	15,243,775	341,255	14,902,520	0.41%	231
2015	16,222,524	315,260	15,907,264	0.46%	252
2014	17,181,279	267,745	16,913,534	0.52%	269
2013	18,120,031	212,909	17,907,122	0.56%	289
2012	19,043,783	223,431	18,820,352	0.56%	308
2011	19,315,000	191,353	19,123,647	0.52%	310
2010	20,045,000	174,963	19,870,037	0.46%	326
2009	20,750,000	147,359	20,602,641	0.39%	320

Sources: The City of Daytona Beach Finance Department.

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

¹ Net of original issuance premium and discount.

² Amount restricted for debt service payments.

³ See TABLE 5 for property value data.

⁴ See TABLE 17 for population data.

THE CITY OF DAYTONA BEACH, FLORIDA
 GOVERNMENTAL ACTIVITIES DEBT - DIRECT AND OVERLAPPING
 SEPTEMBER 30, 2018

TABLE 14

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
County of Volusia, Florida:			
General obligation bonds.....	\$ 9,480,000	13.9374%	\$ 1,321,264
Other debt:			
District School Board of Volusia County, Florida:			
State school bonds.....	665,000	13.9374	92,684
Sales tax revenue bonds.....	32,400,000	13.9374	4,515,718
Certificates of participation.....	218,345,000	13.9374	30,431,616
County of Volusia, Florida:			
Revenue bonds.....	75,606,415	13.9374	10,537,568
Notes payable.....	37,716,000	13.9374	5,256,630
Total overlapping debt.....			52,155,480
City direct debt.....			46,955,487
Total direct and overlapping debt.....			\$ 99,110,967

Sources: Assessed valuation data used to estimate applicable percentages provided by Volusia County, Florida, Property Appraiser.
 Debt outstanding data provided by each governmental unit.

Notes: ¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City of Daytona Beach's boundaries and dividing it by the County's total taxable assessed value.

The Constitution of the State of Florida, Section 200.181, Florida
Statutes, and The City of Daytona Beach, Florida
have set no legal debt limit.

THE CITY OF DAYTONA BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

TABLE 16

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Capital revenue bonds:										
Tax increment revenues.....	\$ 4,140,778	\$ 4,109,486	\$ 3,687,123	\$ 3,544,072	\$ 3,514,379	\$ 3,214,889	\$ 3,207,193	\$ 4,182,589	\$ 5,401,001	\$ 6,961,097
Less: operating expenses.....	662,523	695,998	870,030	754,600	683,815	639,645	776,121	1,795,485	2,662,608	931,037
Net revenue available for debt service	<u>\$ 3,478,255</u>	<u>\$ 3,413,488</u>	<u>\$ 2,817,093</u>	<u>\$ 2,789,472</u>	<u>\$ 2,830,564</u>	<u>\$ 2,575,244</u>	<u>\$ 2,431,072</u>	<u>\$ 2,387,104</u>	<u>\$ 2,738,393</u>	<u>\$ 6,030,060</u>
Debt service payments:										
Principal.....	\$ 1,425,000	\$ 1,380,000	\$ 1,340,000	\$ 1,300,000	\$ 1,255,000	\$ 1,230,000	\$ 1,130,000	\$ 970,000	\$ 930,000	\$ 890,000
Interest.....	1,091,281	1,133,356	1,174,156	1,213,756	1,258,356	1,295,756	1,459,814	860,379	1,741,103	1,780,359
Total debt service payments.....	<u>\$ 2,516,281</u>	<u>\$ 2,513,356</u>	<u>\$ 2,514,156</u>	<u>\$ 2,513,756</u>	<u>\$ 2,513,356</u>	<u>\$ 2,525,756</u>	<u>\$ 2,589,814</u>	<u>\$ 1,830,379</u>	<u>\$ 2,671,103</u>	<u>\$ 2,670,359</u>
Coverage (times).....	1.38	1.36	1.12	1.11	1.13	1.02	0.94	1.30	1.03	2.26
Water and sewer bonds:										
Charges for services and other.....	\$ 51,257,183	\$ 48,164,299	\$ 47,946,679	\$ 43,900,931	\$ 42,060,900	\$ 40,423,196	\$ 38,329,051	\$ 36,465,905	\$ 35,168,728	\$ 33,984,541
Less: operating expenses.....	28,465,197	26,057,153	25,345,604	28,035,695	23,427,916	23,179,173	23,370,518	22,497,707	22,688,460	22,954,878
Net revenue available for debt service.....	<u>\$ 22,791,986</u>	<u>\$ 22,107,146</u>	<u>\$ 22,601,075</u>	<u>\$ 15,865,236</u>	<u>\$ 18,632,984</u>	<u>\$ 17,244,023</u>	<u>\$ 14,958,533</u>	<u>\$ 13,968,198</u>	<u>\$ 12,480,268</u>	<u>\$ 11,029,663</u>
Debt service payments:										
Principal.....	\$ 4,240,000	\$ 4,075,000	\$ 3,920,000	\$ 3,805,000	\$ 3,530,000	\$ -	\$ 3,265,000	\$ 3,145,000	\$ 3,020,000	\$ 2,915,000
Interest.....	1,741,100	1,907,400	2,067,300	2,202,775	2,268,675	1,398,132	1,994,594	2,116,725	2,230,304	2,334,413
Total debt service payments.....	<u>\$ 5,981,100</u>	<u>\$ 5,982,400</u>	<u>\$ 5,987,300</u>	<u>\$ 6,007,775</u>	<u>\$ 5,798,675</u>	<u>\$ 1,398,132</u>	<u>\$ 5,259,594</u>	<u>\$ 5,261,725</u>	<u>\$ 5,250,304</u>	<u>\$ 5,249,413</u>
Coverage (times).....	3.81	3.70	3.77	2.64	3.21	12.33	2.84	2.65	2.38	2.10

Source: The City of Daytona Beach Finance Department.

Notes: 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.

There were no principal payments on the water and sewer revenue bonds during FY 2012-13 due to the refunding that occurred in FY 2011-12.

THE CITY OF DAYTONA BEACH, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE 17

Fiscal Year Ended September 30,	Population ¹	Personal Income ²	Per Capita Personal Income ³	Median Household Income ⁴	Median HUD Rate ⁵	Area Unemployment Rate ⁶
2018	66,267	\$ 2,725,694,244	\$ 41,132	\$ 47,351	\$ 55,100	3.2 %
2017	65,569	2,562,829,934	39,086	46,341	54,300	4.1
2016	64,569	2,466,342,093	38,197	46,341	51,400	5.2
2015	63,186	2,285,374,434	36,169	42,109	51,800	5.5
2014	62,784	2,191,161,600	34,900	41,769	51,500	6.7
2013	62,035	2,150,195,135	34,661	40,114	56,500	8.0
2012	61,028	2,040,532,208	33,436	38,477	56,500	9.2
2011	61,615	1,888,992,670	30,658	32,065	57,100	11.1
2010	61,005	1,920,376,395	31,479	32,065	50,300	12.3
2009	64,411	1,956,419,714	30,374	n/a	50,300	11.6

Sources: ¹U.S. Department of Commerce, Bureau of Census for 2010. Bureau of Economic and Business Research, University of Florida, for 2018. All other periods estimated by Volusia County.

² Amount computed from population and per capita personal income statistics.

³ US Bureau of Economic Analysis. Amounts indicated are for Deltona-Daytona Beach-Ormond Beach MSA, Florida.

⁴ Florida Research and Economic Information Database (FREIDA). Amounts indicated are for Deltona-Daytona Beach-Ormond Beach MSA, Florida.

⁵ US Department of Housing and Urban Development, HUD User data set.

⁶ US Bureau of Labor Statistics Data. Amounts indicated are for Deltona-Daytona Beach - Ormond Beach MSA, Florida.

THE CITY OF DAYTONA BEACH, FLORIDA
 PRINCIPAL EMPLOYERS
 CURRENT AND NINE YEARS AGO

TABLE 18

Employer(1)	September 30, 2018				September 30, 2009			
	Total Employees	Rank	Percent to Total City Employment		Total Employees	Rank	Percent to Total City Employment	
(1) Volusia County School District.....	7,503	1	23.73	%	8,200	1	24.88	%
(1) Halifax Health.....	4,709	2	14.89		3,920	2	11.90	
(1) Volusia County, Florida.....	3,341	3	10.57		3,341	3	10.14	
Florida Hospital Memorial Medical Center.....	2,170	4	6.86					
(1) Daytona State College.....	1,568	5	4.96		1,334	4	4.05	
(1) Embry-Riddle Aeronautical University.....	1,423	6	4.50		1,200	5	3.64	
Bethune Cookman University.....	947	7	3.00		600	8	1.82	
(1) Florida Health Care Plans.....	916	8	2.90					
The City of Daytona Beach, Florida.....	884	9	2.80		898	7	2.73	
International Speedway Corporation.....	715	10	2.26		1,000	6	3.03	
Daytona Beach News Journal.....					555	9	1.68	
Ocean Resorts.....					475	10	1.44	
Total.....	<u>24,176</u>		<u>76.46</u>		<u>21,523</u>		<u>65.31</u>	
(2) Estimated civilian labor force.....	<u>31,619</u>				<u>32,952</u>			

Sources: Volusia County Department of Economic Development.
 The City of Daytona Beach Human Resources Department.

Notes: (1) Employee numbers reported represent total employees in Volusia County. Individual employee counts by city are not compiled or reported by the employers, and include employees who reside in other government jurisdictions within the Volusia County area.

(2) Source for 2018 estimate: Florida Department of Economic Opportunity 3Q 2018.
 Source for 2009 estimate: 2009 CAFR

THE CITY OF DAYTONA BEACH, FLORIDA
 FULL TIME EQUIVALENT CITY GOVERNEMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

TABLE 19

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Legislative.....	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Management/government relations.....	15.0	13.0	14.5	13.5	13.0	8.0	8.0	9.0	8.0	9.0
Legal.....	10.0	10.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Human resources.....	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Risk management.....	8.0	8.0	8.0	8.0	8.0	8.0	8.0	9.5	8.5	9.5
Development services.....	36.0	33.0	34.0	32.0	33.0	30.0	25.0	28.0	30.0	31.3
City clerk.....	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	7.0
Information technology.....	18.3	18.3	17.3	16.8	15.5	14.0	14.0	15.0	15.0	16.0
Finance.....	36.8	36.8	35.8	34.8	35.0	29.0	28.0	26.0	25.0	27.0
Police:										
Chief of Police.....	12.0	11.0	11.0	10.0	10.0	10.0	9.0	9.0	9.0	9.0
Operations.....	185.0	186.0	187.0	188.0	190.5	184.5	181.5	181.5	189.5	201.0
Support bureau.....	89.0	88.0	89.0	85.5	81.0	86.0	77.0	79.0	79.0	84.0
COPS Grant.....	10.0	10.0	10.0	10.0	-	-	-	-	-	-
Fire:										
Administration.....	10.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0	12.0
Operations.....	99.0	100.0	100.0	97.0	97.0	97.0	97.0	100.0	109.0	111.0
Public works:										
Administration.....	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineering.....	24.5	23.5	19.8	16.8	18.0	18.0	18.0	18.0	18.0	20.4
Maintenance and other.....	91.5	89.0	89.5	89.5	84.0	84.0	85.0	86.0	86.0	99.0
Culture and recreation:										
Municipal Golf Course.....	3.0	3.0	3.0	3.0	4.2	3.2	22.0	22.0	23.0	24.0
Florida Tennis Center.....	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Halifax Harbor.....	1.0	1.8	1.0	1.0	-	-	-	-	-	-
Cultural & Community Events.....	5.0	13.0	13.0	12.0	-	-	-	-	-	-
Peabody Auditorium - Operations.....	7.0	10.0	10.0	8.0	-	-	-	-	-	-
Recreation.....	33.0	28.5	28.5	25.5	49.3	40.3	45.0	50.5	50.5	57.0
Solid waste services.....	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0	4.0
Water and wastewater services.....	162.0	152.3	153.6	151.7	151.5	151.5	151.0	150.0	150.0	149.3
Total.....	884.1	872.0	871.0	848.1	835.5	808.0	813.0	829.0	847.0	898.0

Source: The City of Daytona Beach Human Resources Department.

Note: Part-time and seasonal employees for all departments are assumed to be 0.5 full time equivalents for all reporting categories.

Reorganization in FY 2014-15 required reclassification of Halifax Marina, Cultural and Community Events and Peabody which were previously reported as part of Recreation.

THE CITY OF DAYTONA BEACH, FLORIDA
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

TABLE 20

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Physical arrests.....	8,762	8,475	7,924	8,087	8,472	8,959	10,917	10,285	10,236	14,291
Parking violations.....	792	636	541	510	718	1,038	1,222	2,451	2,642	2,551
Traffic violations.....	11,613	11,515	16,058	12,655	12,741	15,823	13,855	21,145	20,902	22,315
Fire:										
Emergency responses.....	21,838	22,055	21,443	21,042	19,459	18,516	19,017	18,673	18,014	17,538
Non-fire/EMS.....	17,388	18,406	16,446	16,083	15,696	13,303	15,940	15,133	13,895	13,580
Inspections by engine companies.....	932	1,680	2,016	1,848	2,302	2,016	1,465	1,844	1,713	1,302
Inspections by fire inspectors.....	993	987	1,012	982	803	1,286	2,129	2,911	2,861	2,968
Solid waste:										
Refuse collected (tons per day).....	209	223	201	171	162	159	156	147	144	147
Yard trash (tons per day).....	22	23	23	26	24	23	22	21	21	20
Recyclables collected (tons per day).....	6	5	5	5	5	5	4	5	4	4
Public works:										
Street construction (miles).....	1.2	-	0.9	-	0.7	-	-	-	-	-
Street resurfacing (miles).....	2.2	5.2	3.2	1.5	0.5	-	8.7	38.2	10.5	10.5
Potholes repaired.....	1,017	830	931	788	871	550	330	527	2,334	2,143
Building development:										
Residential/single family permits issued.....	454	408	412	400	507	562	472	521	623	479
Commercial/multi-family permits issued.....	250	336	404	271	255	311	294	295	285	317
Miscellaneous permits issued.....	4,881	5,774	3,644	3,037	2,853	2,526	2,304	3,104	2,320	2,386
Water:										
New connections.....	402	180	188	186	167	96	110	244	378	203
Water main breaks.....	291	595	264	432	285	266	176	157	397	275
Average daily consumption (MGD).....	11.9	12.5	11.8	12.2	12.8	12.4	11.8	11.6	11.3	11.5
Peak daily consumption (MGD).....	12.6	15.2	13.7	14.2	14.2	13.9	14.7	18.0	13.6	13.1
Sewer:										
Average daily treatment (MGD).....	13.0	11.1	11.2	11.1	11.0	10.9	10.5	9.5	9.7	12.1
Utilities system:										
Number of customers.....	27,157	26,825	24,584	24,409	24,249	23,674	22,777	23,017	23,198	23,209

Source: Various City of Daytona Beach Departments.

Prior to fiscal year 2015, data for physical arrests was based on calendar year.

THE CITY OF DAYTONA BEACH, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

TABLE 21

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Area (square miles).....	68	68	68	68	68	68	68	68	68	68
Police:										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units (marked cars).....	166	170	163	153	149	149	149	123	123	123
Fire:										
Fire stations.....	7	7	7	7	7	7	7	7	7	7
Solid waste:										
Collection trucks.....	18	12	12	12	12	12	12	13	12	12
Public works:										
Paved streets (miles).....	305.0	302.9	302.9	302.9	302.9	301.5	301.5	301.5	301.5	301.5
Unpaved streets (miles).....	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Streetlights.....	8,367	8,324	8,324	8,303	8,282	8,282	6,445	6,445	6,445	6,246
Traffic signals.....	136	136	136	136	135	135	134	134	134	134
Parks and recreation:										
Area (acres).....	858	858	858	858	858	858	858	858	858	858
Swimming pools.....	2	2	2	2	2	2	2	2	2	2
Tennis courts.....	38	36	36	36	36	36	36	36	36	38
Playgrounds.....	24	23	24	24	24	24	24	24	24	23
Recreation (community) centers.....	19	19	19	19	19	19	18	18	18	18
Shuffleboard/lawn bowling courts.....	4	5	5	5	5	5	5	5	5	4
Auditorium/Bandshell.....	4	4	4	4	4	4	4	4	4	4
Soccer/football fields.....	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds.....	13	13	13	13	13	13	13	13	13	13
Basketball courts.....	26	26	26	26	26	22	21	20	20	20
18 hole golf courses.....	2	2	2	2	2	2	2	2	2	2
Marina boat slips.....	550	550	550	550	550	550	550	550	550	550
Boat ramps.....	18	18	18	18	18	18	18	18	18	18
Parks and picnic areas.....	38	38	38	38	38	38	38	38	38	38
Water:										
Water mains (miles).....	587	700	700	700	700	700	700	700	700	700
Fire hydrants.....	3,018	2,897	2,884	2,866	2,840	2,450	2,450	2,317	2,134	2,134
Production capacity (MGD).....	24	24	24	24	24	24	24	24	24	24
Sewer:										
Sanitary sewers (miles).....	396	615	615	615	615	615	615	615	505	505
Storm sewers (miles).....	113	203	203	203	203	189	189	189	141	141
Treatment capacity (MGD).....	28	28	28	28	28	28	28	28	28	28

Source: Various City of Daytona Beach Departments.

Notes: The Utilities Department has spent the last year refining the GIS mapping of our utility lines. The totals in the table above reflect City maintained water, sewer and stormwater mains located within the public right-of-way and/or easements. These numbers do not include service lines and laterals to private property up to the City's water meter and clean-out; however, the City is responsible for maintenance of these lines. In previous years an approximation of the service lines and laterals were included in the total miles of pipeline which is why the 2018 totals have decreased.

THE CITY OF DAYTONA BEACH, FLORIDA
 OTHER POST-EMPLOYMENT BENEFITS (OPEB)
 SCHEDULE OF STATISTICAL INFORMATION
 SEPTEMBER 30, 2018

TABLE 22

	Number of Participants Included
Current retirees:	
Under age 65.....	83
Over age 65.....	77
Total current retirees.....	<u>160</u>
Active employees:	
Active employees not yet fully eligible for benefits.....	722
Active employees fully eligible for benefits.....	123
Total active employees.....	<u>845</u>
Total number of participants.....	<u><u>1005</u></u>
Average age of active employees.....	44.0

Age and service distribution for active employees:									
	Years of Service								Total Number of Active Employees
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35+	
Under 25	55	-	-	-	-	-	-	-	55
25-29	73	6	-	-	-	-	-	-	79
30-34	53	27	20	-	-	-	-	-	100
35-39	28	18	31	11	-	-	-	-	88
40-44	28	12	24	38	2	-	-	-	104
45-49	29	9	14	24	12	6	-	-	94
50-54	35	7	20	14	17	13	5	-	111
55-59	37	11	14	13	12	13	8	5	113
60-64	19	5	14	16	8	6	4	1	73
65+	10	6	7	3	2	-	-	-	28
Total	<u>367</u>	<u>101</u>	<u>144</u>	<u>119</u>	<u>53</u>	<u>38</u>	<u>17</u>	<u>6</u>	<u>845</u>

Based on October 1, 2017 OPEB actuarial valuation report.



Compliance Section



THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Federal Agency Pass-through Entity Federal Program/State Project	CFDA No.	Grant Number/ Pass Through Entity Identifying Number	Expenditures	Transfers to Subrecipients
FEDERAL AWARDS:				
US Department of Housing and Urban Development				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grant	14.218	B-16-MC-12-0004	\$ 481,366	\$ 33,433
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>481,366</u>	<u>33,433</u>
HOME Investment Partnerships Program	14.239	M-16-MC-12-0203	130,781	-
Total US Department of Housing and Urban Development			<u>612,147</u>	<u>33,433</u>
US Department of Justice				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	BV 2014	31,383	-
Public Safety Partnership & Community Policing Grant (COPS)	16.710	2014-UMWX-0040	314,388	-
Edward Byrne Memorial Justice Assistance Grant Program:				
2015 Justice Assistance Grant Program	16.738	2015-DJ-BX-0751	3,040	-
2016 Justice Assistance Grant Program	16.738	2016-DJ-BX-1024	31,862	-
Equitable Sharing Program	16.922	n/a	174,633	-
			<u>555,306</u>	-
Indirect Programs:				
Passed Through Florida Office of the Attorney General Crime Victim Assistance Programs:				
Victims of Crime Act - Victims Assistance Program	16.575	VOCA-2017-City of Daytona Beach Pol- 00622	33,205	-
Total US Department of Justice			<u>588,511</u>	-
US Department of Transportation				
Federal Highway Administration:				
Indirect Programs:				
<i>Highway Planning and Construction Cluster</i>				
Passed through Florida Department of Transportation:				
Highway Planning and Construction:				
Wayfinding & Signage	20.205	437311-1-58-01	39,926	-
Nova Road Trail (Bellevue to South)	20.205	439057-1-58/68-01	13,583	-
North Street Sidewalk (Clyde Morris to Nova)	20.205	439972-1-58-01	259,359	-
ISB Phase II Streetscape Project	20.205	404419-2-58/68-01	2,673,884	-
<i>Total Highway Planning and Construction Cluster</i>			<u>2,986,752</u>	-
Total US Department of Transportation			<u>2,986,752</u>	-

The accompanying notes are an integral part of this schedule.

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(continued)

Federal Agency Pass-through Entity Federal Program/State Project	CFDA No.	Grant Number/ Pass Through Entity Identifying Number	Expenditures	Transfers to Subrecipients
US Environmental Protection Agency				
Indirect Programs:				
<i>Clean Water State Revolving Fund Cluster</i>				
Passed through Florida Department of Environmental Protection:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW640900	71,229	-
Total Clean Water State Revolving Fund Cluster			<u>71,229</u>	<u>-</u>
Total US Environmental Protection Agency			<u>71,229</u>	<u>-</u>
US Department of Homeland Security				
Indirect Programs:				
Passed through Federal Emergency Management Agency:				
Passed through Florida Division of Emergency Management:				
Disaster Grants - Public Assistance (Hurricane Matthew)	97.036	17-PA-U5-06-74-01-142	4,252,783	-
Total US Department of Homeland Security			<u>4,252,783</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,511,422</u>	<u>\$ 33,433</u>

The accompanying notes are an integral part of this schedule.

THE CITY OF DAYTONA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
(continued)

State Agency, Pass-through Entity, Federal Program/State Project	CSFA Number	Grant Number/ Pass Through Entity Identifying Number	Expenditures	Transfers to Sub recipients
STATE FINANCIAL ASSISTANCE:				
Florida Department of Environmental Protection:				
Direct Programs:				
Statewide Surface Water Restoration and Wastewater Projects:				
Halifax River Sewer Force Main	37.039	LP64094	\$ 65,545	\$ -
Bennett Swamp	37.039	LP64095	1,493,298	-
Drinking Water Facility Construction:				
State Revolving Loan - Drinking Water	37.076	DW640920	39,206	-
Wastewater Treatment Facility Construction:				
Clean Water State Revolving Construction Loan	37.077	WW640960	2,013,498	-
Clean Water State Revolving Loan	37.077	WW640930	348,121	-
Capitalization Grants for State Revolving Loan - Clean Water	37.077	SW640910	92,915	-
Indirect Programs:				
Passed through St. John's River Water Management District:				
Water Protection and Sustainability Program:				
2.5 Million Gallon Drum Reuse Tank	37.066	28812	953,887	-
Total Florida Department of Environmental Protection			<u>5,006,470</u>	<u>-</u>
Florida Housing Finance Corporation				
Direct Programs:				
State Housing Initiatives Partnership Program (SHIP)	40.901		528,891	-
Total Florida Housing Finance Corporation			<u>528,891</u>	<u>-</u>
Florida Department of State and Secretary of State				
Direct Programs:				
Acquisition, Restoration of Historic Properties:				
Bandshell Rehabilitation Phase II	45.032	SC715	468,571	-
Total Florida Department of State and Secretary of State			<u>468,571</u>	<u>-</u>
Florida Department of Transportation				
Direct Programs:				
Florida Shared-Use Nonmotorized (Sun) Trail Network Program:				
SunTrail Phase 1 - N Beach St (Sickler to 2nd)	55.038	439871-1-34-01	17,291	-
SunTrail Phase 2 - Ballough Bridge	55.038	439870-1-34-01	17,554	-
SunTrail Phase 3 - S Beach St (Marina Pt to Orange)	55.038	439869-1-54-01	60,249	-
SunTrail Phase 4 - S Beach St (Bellevue to Marina Pt)	55.038	439868-1-54-01	46,008	-
SunTrail Phase 5 - Donnelly Pl (Shady Pl to Bellevue)	55.038	439867-1-54-01	86,167	-
SunTrail Phase 6 - S Beach St (Wilder to Shady Pl)	55.038	439866-1-34-01	22,045	-
Indirect Programs:				
Passed through County of Volusia				
County Incentive Grant Program (CIGP) - Orange Avenue	55.008	FM 433624-1-58-010	11,309	-
Total Florida Department of Transportation			<u>260,623</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 6,264,555</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award activity and state award activity of The City of Daytona Beach, Florida, under programs of the federal government and state government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of The City of Daytona Beach, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The City of Daytona Beach, Florida.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

3. SUB RECIPIENTS

The City of Daytona Beach, Florida provided federal awards to sub recipients in the amount of \$33,433 for the fiscal year ended September 30, 2018.

4. INDIRECT COST RATE

The City of Daytona Beach, Florida has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

5. NONCASH AWARDS

The City of Daytona Beach, Florida received no noncash awards in the fiscal year ended September 30, 2018.

6. FEMA EXPENDITURES

Expenditures for CFDA No. 97.036, Disaster Grants – Public Assistance, include \$2,184,894 expended in the prior fiscal year that had not yet been obligated (approved) by the Federal Emergency Management Agency as of September 30, 2017.

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

Honorable Mayor and Members of the City Commission
City of Daytona Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Daytona Beach, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Daytona Beach, Florida's basic financial statements, and have issued our report thereon dated May 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the Police and Fire Pension Trust Fund and of First Step Shelter, Inc. (a discretely presented component unit), as described in our report on the City of Daytona Beach, Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Daytona Beach, Florida's internal control over financial reporting (internal control) to determine the 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 of Daytona Beach, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Daytona Beach, Florida'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Daytona Beach, Florida's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida

May 31, 2019

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

Honorable Mayor and Members of the City Commission
City of Daytona Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Daytona Beach, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Chapter 10.550, Rules of the Florida Auditor General that could have a direct and material effect on each of the City of Daytona Beach, Florida's major federal programs and state projects for the year ended September 30, 2018. The City of Daytona Beach, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Daytona Beach, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; and the audit requirements of Chapter 10.550, Rules of the Florida Auditor General. Those standards, the Uniform Guidance and the Chapter 10.550 audit requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City of Daytona Beach, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City of Daytona Beach, Florida's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City of Daytona Beach, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the City of Daytona Beach, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Daytona Beach, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project, and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Daytona Beach, Florida's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Car, Riggs & Ingram, L.L.C.

Melbourne, Florida

May 31, 2019

THE CITY OF DAYTONA BEACH, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2018

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? ___ yes X no

Identification of major federal programs:

<u>Federal CFDA Numbers</u>	<u>Federal Program or Cluster 2018</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? X yes ___ no

State Financial Assistance

Internal control over major state projects:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? ___ yes X none reported

Type of auditors’ report issued on compliance for major state projects: Unmodified

THE CITY OF DAYTONA BEACH, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2018

Section IV—State Project Findings and Questioned Costs (Continued)

B. Internal Control Over Compliance

No matters were reported.

Section V- Prior Findings and Questioned Costs for Federal Awards and State Projects

SA 2017-001 – *Review of Project Progress Report*

Status: Resolved



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

Independent Auditors' Management Letter

Honorable Mayor and Members of the City Commission
The City of Daytona Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Daytona Beach, Florida as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 31, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated May 31, 2019, 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 the finding and recommendation made in the preceding financial audit as noted in Section V of the Schedule of Findings and Questioned Costs.

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 legal authority of the City of Daytona Beach, Florida and its component unit are disclosed in the footnotes.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

IC 2018-001 Segregation of Duties at Halifax Harbor Marina

CONDITION: The Halifax Harbor Marina bookkeeper is responsible for processing sales transactions, performing daily cash receipt reconciliation, and delivering deposits to the bank. There is no documented review of the daily cash receipt reconciliation by an individual independent of the bookkeeper. Additionally, on days when the bookkeeper is out of the office, another individual performs the same duties, and both individuals have access to the bookkeeper's computer without differentiation to identify who is logged in.

CRITERIA: The City should have adequate segregation of duties over the Halifax Harbor Marina cash receipts process.

CAUSE: There is lack of segregation of duties over cash receipts and lack of documented review over the daily cash receipt reconciliation.

EFFECT: Lack of segregation of duties can result in misappropriation of assets that may not be detected by the City's controls on a timely basis.

RECOMMENDATION: We recommend that the City implement segregation of duties at Halifax Harbor Marina over the cash receipts process, implement a documented independent review

over the daily cash receipt reconciliation, and that individuals logged into the City's system have unique logins.

MANAGEMENT'S RESPONSE: *Management agrees and will coordinate with the department to ensure that each employee has their own login to the accounting and sales system. Staff will implement a procedure to add segregation of duties over the cash receipts process and for independent review and reconciliation of the daily cash receipts.*

IC 2018-002 Oversight of Halifax Harbor Marina

CONDITION: We could not determine that weekly and monthly reports from Halifax Harbor Marina were being remitted to the City's Enterprise Business Manager on a timely basis.

CRITERIA: The City contracts with Safe Harbor Marinas (SHM) to provide management services for Halifax Harbor Marina. Pursuant to the terms of the contract, SHM is required to provide weekly and monthly reports on the activities of Halifax Harbor Marina to the City.

CAUSE: The City did not properly monitor receipt of the weekly and monthly reports from SHM in compliance with the terms of their management contract.

EFFECT: Lack of oversight of the management contract could result in performance issues or misappropriation of City assets that may not be identified or detected by the City's controls on a timely basis.

RECOMMENDATION: We recommend that the City's Enterprise Business Manager design and implement controls to monitor SHM's compliance with the contract provisions regarding the remittance of weekly and monthly reports and retain documentation that the reports are being reviewed.

MANAGEMENT'S RESPONSE: *Management agrees and will work with the Enterprise Business Manager to design and implement proper controls to monitor SHM's compliance with the contractor's provisions regarding timely reporting.*

IC 2018-003 Prepaid Show Fees

CONDITION: The prepaid show fees in the Cultural Services fund were not reclassified and reported as expenses upon completion of the show on a timely basis. Additionally, the prepaid show fees account included costs not associated with specific shows.

CRITERIA: Under generally accepted accounting standards (GAAP), payments made to vendors for costs related to shows or events that will take place in a future accounting period are recorded as prepaid items and reclassified (reported) as expenses when the show or event is complete.

CAUSE: Prepaid show fees were accumulated into one general ledger account without the use of subaccount codes or project codes to separately identify the costs associated with an individual show or event. As a result, the process to reclassify the prepaid costs to expense once the show or event took place was cumbersome and review of the prepaid costs for timeliness of reporting as expenses was not completed by staff on a monthly basis.

EFFECT: Prepaid show costs may be overstated and expenses may be understated during the year, resulting in inaccurate management information.

RECOMMENDATION: We recommend the City review the accounting procedures for recording prepaid show fees and provide for monthly review of prepaid costs to timely identify and report costs as expenses once the show or event is completed.

MANAGEMENT'S RESPONSE: *Management agrees and has already implemented procedures to further delineate revenues and expenses for each show independently in the accounting system. Under the new procedures, the costs and receipts will be recorded as expenses and revenues when paid or received, respectively. Each show or event will be tracked using cost centers within the City's accounting system. Finance will ensure a reconciliation is performed at the end of the fiscal year to accurately reclassify unearned revenues and prepaid expenses for shows that have not occurred as of the end of the fiscal year.*

IC 2018-004 Cultural Services Inventory

CONDITION: The Cultural Services fund is not recording beverage inventory in the City's general ledger.

CRITERIA: Under generally accepted accounting standards (GAAP), inventory of items for resale should be recorded as inventory when purchased and reported as expense when consumed.

CAUSE: There were not procedures in place to record beverage purchases as inventory; beverage purchases are being expensed at the time the beverage order was received by the City.

EFFECT: Beverage inventory on hand, while not material to the funds financial statements, provides management with operational information useful in the evaluation of the financial results of the Cultural Services activities. By not tracking beverage inventory in the fund's financial statements, the City cannot use internal reports using the City's accounting software to monitor profit margins and other financial performance indicators.

RECOMMENDATION: We recommend the City implement inventory management procedures for beverage inventory to include recording of inventory in the City's general ledger.

MANAGEMENT'S RESPONSE: *Management agrees and corrective action will be taken to ensure beverage inventory is recorded correctly for the Cultural Services Fund. Internal controls*

procedures will be updated to include periodic inventory audits by a member of the Finance Department staff.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we have not noted 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 members of the City Commission and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida

May 31, 2019



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and City Commissioners
City of Daytona Beach, Florida

We have examined the City of Daytona Beach, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the City of Daytona Beach, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the City of Daytona Beach, Florida'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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City of Daytona Beach, Florida's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Daytona Beach, Florida's complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City of Daytona Beach, Florida's compliance with specified requirements.

In our opinion, the City of Daytona Beach, Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
May 31, 2019