

CITY OF DAYTONA BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019



THE CITY OF DAYTONA BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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, 2019**

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The CITY OF DAYTONA BEACH

“THE WORLD’S MOST FAMOUS BEACH”

Office of the City Manager

March 30, 2020

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, 2019 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, 2019. 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 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 67,500 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 advertisements and two 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 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

Local economy. The local economy of the City of Daytona Beach is growing in all economic sectors; tourism, housing, manufacturing, retail, and government. The City's growth is the generator for the entire Volusia 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. The local area unemployment rate of 3.2 percent at September 2019 is a decrease from the 3.5 percent rate at September 2018 and is slightly higher than the state unemployment rate which dropped from 3.4 percent to 2.9 percent for the same period.

Daytona Beach has always been heavily tourist-oriented and currently draws more than 9 million tourists annually for family vacations or to attend many of the 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 major special events and the numerous smaller events continue to grow in participation and in financial impact to the city. Almost 750,000 travelers passed through the Daytona Beach International Airport which offers daily direct and connecting flights through Delta Air Lines and US Airways/American Airlines and adds convenience for our local community and worldwide travelers.

The City is aware of the business community's need for a healthy and well-educated workforce. The Mayor's Literacy Initiative was launched to encourage reading and learning for children ages 5 to 7 and the Mayor's Fitness Challenge promotes healthy living. Annually the City provides sponsorships to various schools and local colleges for educational and training programs. The City is home to one state college and two private universities.

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 redevelopment areas, and revitalizing Daytona Beach all while reducing crime rates. This past year, numerous planned projects were completed throughout the community including significant makeovers of hotels and restaurants, additional housing and retail developments, renovations to various university properties, and expansion of research and manufacturing facilities. The

city has several federally-designated Qualified Opportunity Zone (QOZ) tracks created by the Tax Cuts and Jobs Act of 2017 which allows for eligible capital investments in lower income areas to have tax advantages.

The analysis by a professional economic advisor with extensive private and public sector expertise who was engaged to review five developments where the City provided economic incentives revealed a sizeable return-on-investment of thousands of jobs and opportunities created by the City's initial investment. Using industry-specific multipliers, the combined projects represent a total of \$545.4 million in annual economic output within Volusia County as well as create and support 5,658 full-time jobs with aggregate annual earnings of \$159.2 million. As a result of this multi-year cumulative effort, investors have taken notice and additional transformative projects are underway.

Throughout the city, the strong housing market is reflected in the 8.4 percent increase in total market value from 2018 to 2019 as reported by Volusia County Property Appraiser's Office. There is a 32 percent increase in the quantity of permits issued with a corresponding 13 percent increase in building permit fees collected when compared to the prior fiscal year. Recently, the city has seen a wave of apartment complex construction as eight large-scale complexes with over 1,000 new rental units are being planned or are under construction. Several are "class A" apartments with high end features and amenities while others are fully furnished, resort-style apartments or geared toward college students. Residential home construction continues to increase. Well underway is the multi-phased Latitude Margaritaville, named after Jimmy Buffett's well-known song, an active adult community located on the western edge of the city with 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.

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 is constructing 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 refresh 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 a segregated budgetary cash reserve in the General Fund of not less than 10 percent of next

year's budgeted operating expenditures. The segregated budgetary cash reserve is shown as unassigned fund balance on the General Fund Balance Sheet. At September 30, 2019 this amount is \$15.9 million which is 17.8 percent of fiscal year 2019-20 budgeted operating expenditures. Additionally, these funds will be used for stimulus recovery aid and unreimbursed expenditures from Hurricanes Matthew and Irma which occurred in October 2016 and September 2017, respectively, and which still have open, unpaid FEMA claims.

Major initiatives. The Brown Foundation has pledged \$15 million to reinvent Riverfront Park from Orange Avenue to Main Street in downtown Daytona Beach. 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. The City's Riverfront Day Dock project which created 18 new slips and installed concrete floating docks is complete. Likewise, the Beach Street streetscape project is moving forward which will increase the width of pedestrian walkways and reduce traffic lanes in order to provide a more pedestrian orientated and aesthetically improved downtown area.

Furthermore, motorists and pedestrians traveling along West International Speedway Boulevard, our major east-west gateway through Daytona Beach, experience a completely refurbished corridor as well as two pedestrian overpasses, widened sidewalks, added wayfinding signage and modernized signalization. While these improvements are currently concentrated inland, community and business leaders are working with the City to continue these improvements along the entire corridor extending over the bridge to the Atlantic Ocean. Landscaping improvements at the entrance to the World's Most Famous Beach were recently completed as part of an overall strategy to improve and beautify the corridor.

In the Midtown area, significant improvements to the Dr. Martin Luther King Jr. Boulevard (MLK) corridor of the Midtown Community Redevelopment Agency continues. This area on MLK between Orange Avenue and International Speedway Boulevard has some of the oldest infrastructure in the city. Work on the \$2.7 million MLK project continues to progress as anticipated with crews uncovering outdated sanitary sewer lateral connections and potable water infrastructure. This complementary project to the prior years' Orange Avenue streetscape project has nine funding sources and will add reclaimed water service and provide new pedestrian-friendly features such as decorative 8-foot wide sidewalks compared to the old sidewalk which was 4 to 6-feet wide.

In the last two years, the City has targeted more than 100 dilapidated and unsafe properties through its condemnation program. While this effort has significantly helped improve safety and remove visual blight in neighborhoods, there are still more opportunities to address other damaged and structurally unsound features on residential and commercial properties. A grant application to remove abandoned and derelict vessels located in the Halifax River has been approved and work is expected to start in the upcoming year.

Over \$40 million in upgrades 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 multi-year 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 it 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, was created. The homeless assistance center opened in December 2019 and offers housing and rehabilitation service to homeless adults. The construction of the 15,000 square foot shelter was funded with collaborative support from the City of Daytona Beach and Volusia County. Shelter operations are funded by the City of Daytona Beach, Volusia County, other area cities, and financial commitments from local businesses, individuals, and the faith community. Moreover, families enrolled in the Supplemental Nutrition Assistance Program (SNAP) can now use their benefits at the Downtown Farmer's Market to purchase items such as fresh fruits and vegetables, dairy products and other eligible items.

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. Annually, the police department hosts a youth summer camp program specifically focusing on STEM activities.

Local parks and public spaces provide for a healthy, prosperous and well-connected community. Various segments of the Sweetheart Trail, a multi-use pathway that runs along the Halifax River across from the downtown area with unique eateries and trendy boutique shops, continues to be 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. Funding in the amount of \$1.2 million was secured this year so that construction of the second phase of the southernmost end of the trail can begin in 2020.

For today and future generations, the Bennett Swamp Rehydration, Conservation and Aquifer Recharge Project, which supports a regional strategy for water supply and ultimately improves the water quality of the Halifax River, will redirect six million gallons per day of reclaimed water in order to reduce discharge into the Halifax River and reestablish the hydrologically stressed 1,425 acre wetland swamp, recharge the aquifer, and create a healthy ecosystem and refuge for wildlife. The \$5.3 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.

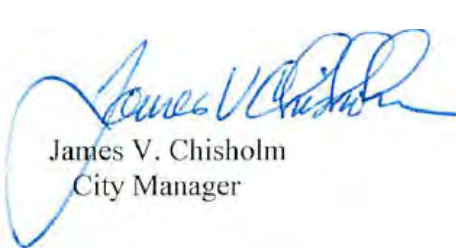
Awards

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, 2018. This was the 47th 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 the Accounting staff 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**

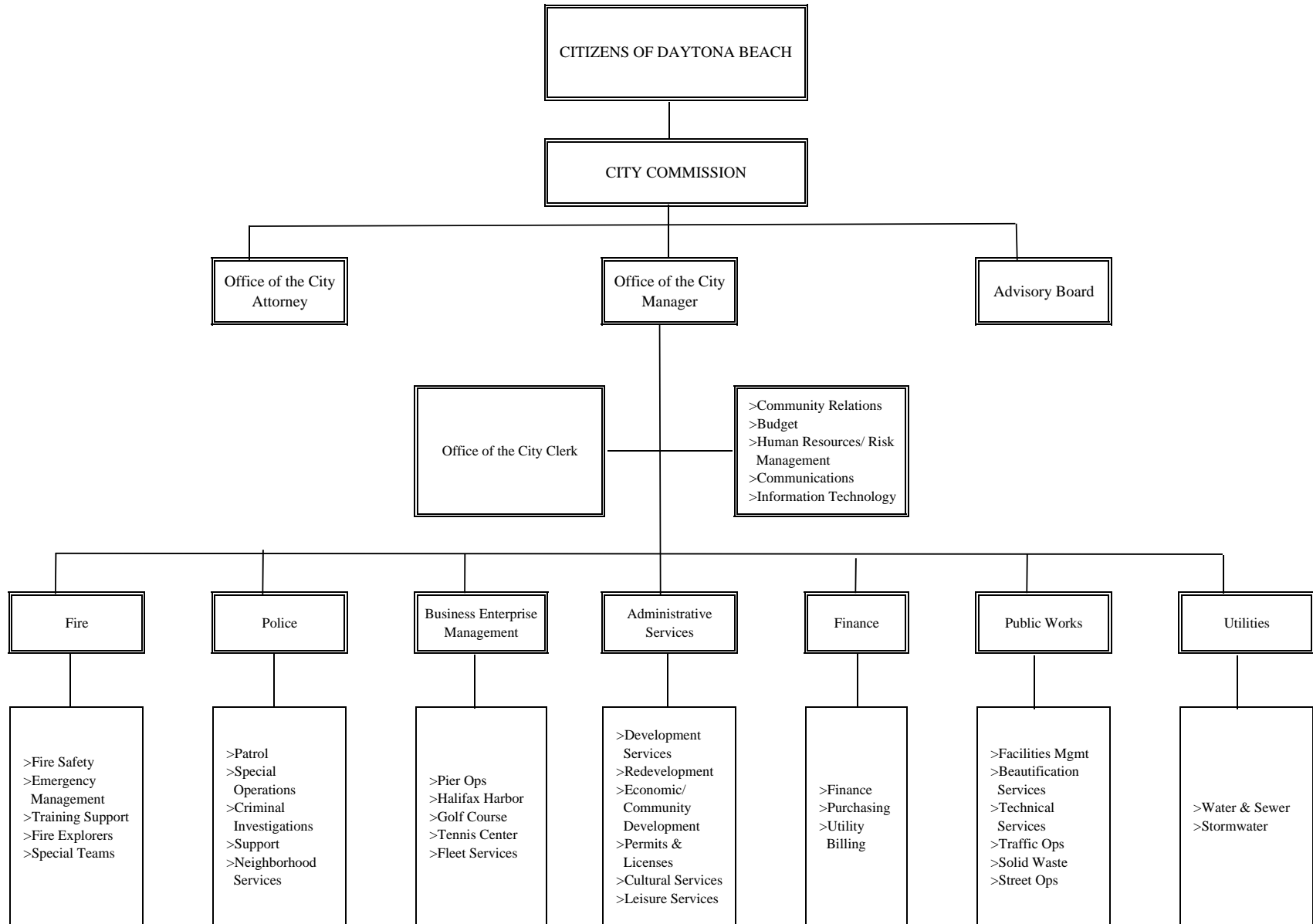
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

**City of Daytona Beach, Florida
Organizational Structure
Fiscal Year 2018 - 2019**



THE CITY OF DAYTONA BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

MAYOR AND COMMISSIONERS



*Front Row, left to right: Quanita May, 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

Report on the Financial Statements

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, 2019, 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 95%, 96%, and 37%, 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 auditors consider 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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefits 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, budgetary schedules of special revenue and debt service funds, combining internal service funds financial statements, combining discretely presented component units financial statements, combining schedule of deposits and withdrawals for the redevelopment trust 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 basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules of special revenue and debt service funds, combining internal service fund financial statements, combining discretely presented component units financial statements, combining schedule of deposits and withdrawals for the redevelopment trust 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, budgetary schedules of special revenue and debt service funds, combining internal service fund financial statements, combining discretely presented component units financial statements, combining schedule of deposits and withdrawals for the redevelopment trust funds, and schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 March 30, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 30, 2020



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, 2019. 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 2018-19 by \$164.1 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 \$43.3 million.
- For FY 2018-19, the City's total net position increased by \$25.3 million when compared to last fiscal year's net position. The governmental activities net position increased by \$14.7 million. The business-type activities net position increased by \$10.6 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$67.0 million, an increase of \$16.2 million from the prior fiscal year. Approximately \$14.4 million of this amount is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of FY 2018-19, the General Fund's unrestricted fund balance (the total of *committed*, *assigned*, and *unassigned* components of *fund balance*) was \$26.5 million.
- In compliance with the City's Fiscal Integrity Principles Ordinance, segregated budgetary cash reserves in the General Fund at September 30, 2019 is 17.8 percent of FY 2019-20 budgeted operating expenditures, which is greater than the 10 percent minimum requirement. Water and Sewer System, Stormwater Improvement, and Daytona Beach Pier enterprise funds contain a FY 2018-19 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 increased by \$10.0 million during the current fiscal year. Governmental activities debt decreased \$3.7 million due to principal retirement. Business-type activities debt increased \$13.7 million which is net of principal retirement of \$6.6 million and a new borrowing of \$20.3 million 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 113-117 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 119-161 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted previously, net position over time may serve as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY 2018-19 by \$164.1 million, which is an increase of \$25.3 million or 18.3 percent from the previous fiscal year.

The City of Daytona Beach, Florida
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$86,466,615	\$72,001,560	\$99,686,459	\$84,829,191	\$186,153,074	\$156,830,751
Capital assets	115,644,136	113,822,225	150,537,539	135,170,468	266,181,675	248,992,693
Total assets	202,110,751	185,823,785	250,223,998	219,999,659	452,334,749	405,823,444
Total deferred outflows of resources	13,822,567	14,284,326	4,571,450	5,048,861	18,394,017	19,333,187
Current liabilities	16,245,222	18,009,009	25,263,286	20,488,505	41,508,508	38,497,514
Long-term liabilities	145,986,489	142,364,879	116,054,878	101,496,417	262,041,367	243,861,296
Total liabilities	162,231,711	160,373,888	141,318,164	121,984,922	303,549,875	282,358,810
Total deferred inflows of resources	2,303,464	3,086,008	806,083	986,022	3,109,547	4,072,030
Net position:						
Net investment in capital assets	94,042,068	91,978,293	38,072,559	40,503,469	132,114,627	132,481,762
Restricted	33,982,717	33,229,359	41,238,440	34,734,738	75,221,157	67,964,097
Unrestricted (deficit)	(76,626,642)	(88,559,437)	33,360,202	26,839,369	(43,266,440)	(61,720,068)
Total net position	\$51,398,143	\$36,648,215	\$112,671,201	\$102,077,576	\$164,069,344	\$138,725,791

The largest portion of the City's net position (\$132.1 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 (\$75.2 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 \$25.3 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.

Statement of Activities. The following is a comparison of major revenue and expense categories for the fiscal years ending September 30, 2019 and 2018:

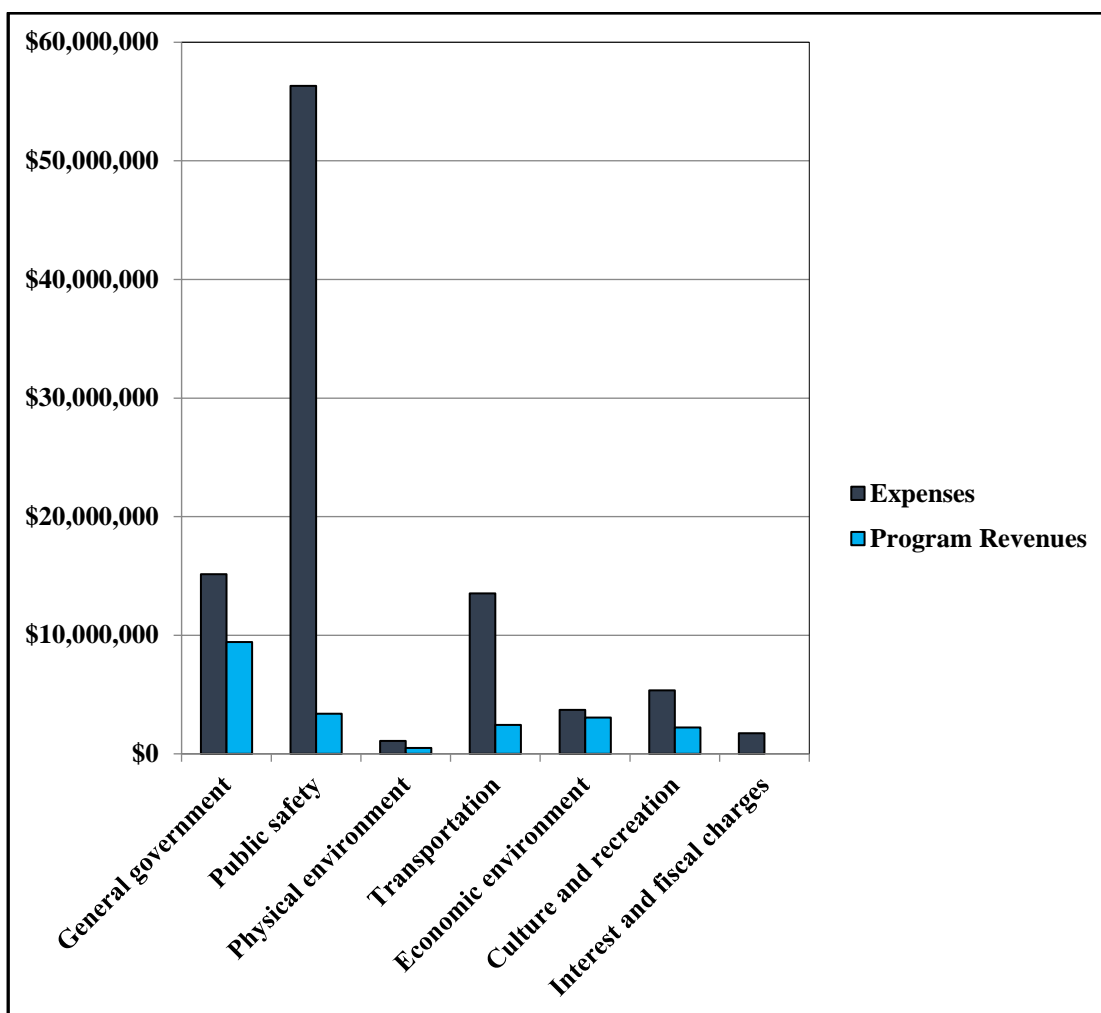
The City of Daytona Beach, Florida
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
REVENUES:						
Program revenues:						
Charges for services	\$ 16,045,349	\$ 13,041,825	\$ 95,235,668	\$ 90,376,936	111,281,017	103,418,761
Operating grants and contributions	3,023,525	7,318,578	98,781	65,763	3,122,306	7,384,341
Capital grants and contributions	1,945,826	4,522,339	7,162,086	7,281,354	9,107,912	11,803,693
General revenues:						
Property taxes levied for general purpose	30,359,003	28,214,204	-	-	30,359,003	28,214,204
Gas taxes	1,991,925	1,952,241	-	-	1,991,925	1,952,241
Public service taxes	11,768,805	11,547,176	-	-	11,768,805	11,547,176
Sales taxes	3,809,242	3,759,786	-	-	3,809,242	3,759,786
Franchise taxes	6,470,703	6,301,472	-	-	6,470,703	6,301,472
Tax increment taxes	3,212,092	3,068,042	-	-	3,212,092	3,068,042
Other taxes	991,258	937,925	-	-	991,258	937,925
Intergovernmental revenue not restricted to specific programs	2,787,678	2,685,849	-	-	2,787,678	2,685,849
Income on investments	2,767,495	843,607	790,992	620,629	3,558,487	1,464,236
Other general revenues	1,104,048	1,239,546	511,045	407,550	1,615,093	1,647,096
Total revenues	86,276,949	85,432,590	103,798,572	98,752,232	190,075,521	184,184,822
EXPENSES:						
General government	15,152,044	14,919,468	-	-	15,152,044	14,919,468
Public safety	56,319,605	53,040,030	-	-	56,319,605	53,040,030
Physical environment	1,089,956	3,383,357	-	-	1,089,956	3,383,357
Transportation	13,516,573	11,486,429	-	-	13,516,573	11,486,429
Economic environment	3,714,034	3,807,287	-	-	3,714,034	3,807,287
Human services	2,529	508,592	-	-	2,529	508,592
Culture and recreation	5,364,082	4,580,589	-	-	5,364,082	4,580,589
Interest and fiscal charges	1,725,803	1,827,042	-	-	1,725,803	1,827,042
Water and sewer system	-	-	41,629,642	38,859,366	41,629,642	38,859,366
Solid waste management	-	-	9,923,620	9,507,986	9,923,620	9,507,986
Stormwater improvement	-	-	6,272,899	4,348,012	6,272,899	4,348,012
Halifax Harbor Marina	-	-	3,004,463	2,920,282	3,004,463	2,920,282
Cultural services	-	-	3,543,121	4,517,646	3,543,121	4,517,646
Municipal Golf Course	-	-	1,986,735	1,942,714	1,986,735	1,942,714
Florida Tennis Center	-	-	599,536	596,688	599,536	596,688
Municipal Stadium/Jackie Robinson Ballpark	-	-	175,748	350,857	175,748	350,857
Daytona Beach Pier	-	-	711,578	741,394	711,578	741,394
Total expenses	96,884,626	93,552,794	67,847,342	63,784,945	164,731,968	157,337,739
Excess (deficiency) before transfers	(10,607,677)	(8,120,204)	35,951,230	34,967,287	25,343,553	26,847,083
Net transfers - in (out)	25,357,605	17,673,153	(25,357,605)	(17,673,153)	-	-
Changes in net position	14,749,928	9,552,949	10,593,625	17,294,134	25,343,553	26,847,083
NET POSITION:						
Net position-beginning	36,648,215	27,095,266	102,077,576	84,783,442	138,725,791	111,878,708
Net position-ending	\$ 51,398,143	\$ 36,648,215	\$ 112,671,201	\$ 102,077,576	\$ 164,069,344	\$ 138,725,791

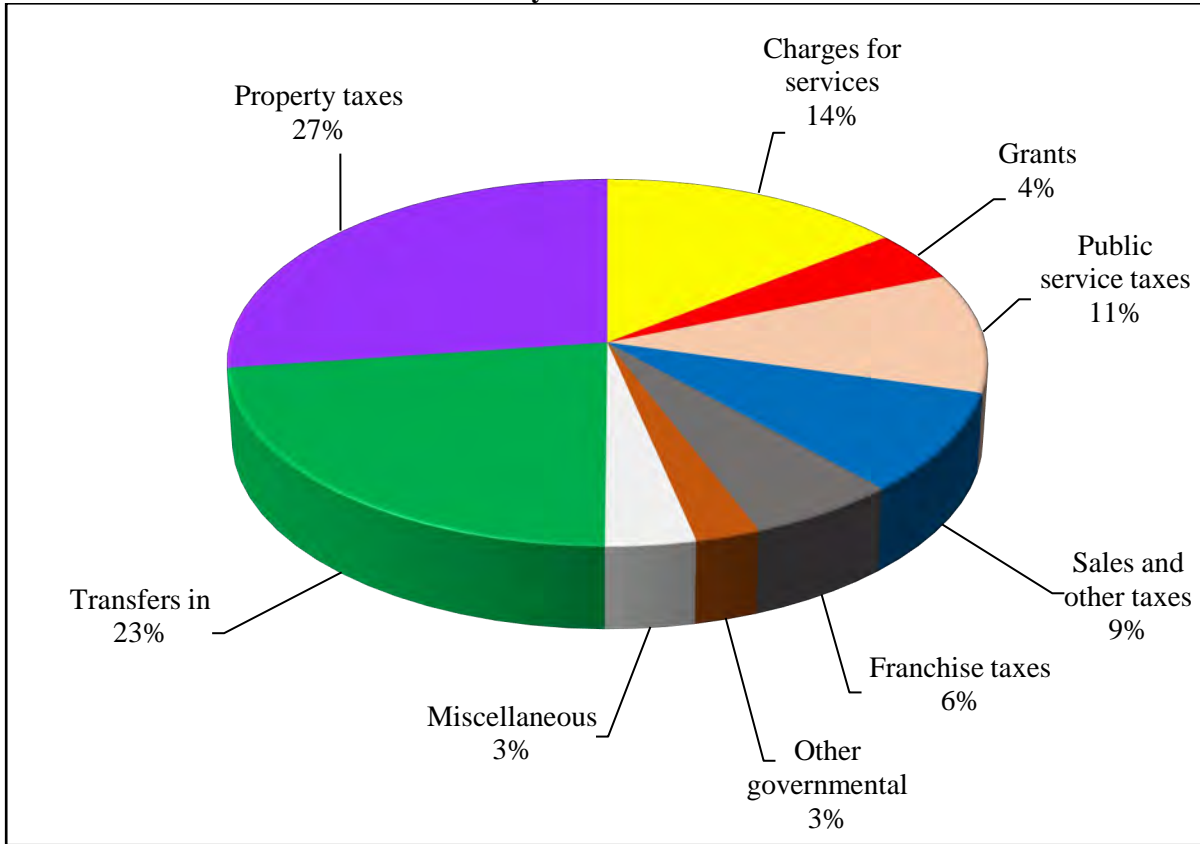
Governmental Activities:

Revenues for the governmental activities increased approximately \$0.8 million, or 1.0 percent from the prior fiscal year. Increases in charges for services (\$3.0 million), property tax revenue (\$2.1 million), and income on investments (\$1.9 million) were offset by a decrease in operating and capital grants and contributions (\$6.8 million). The cost of all governmental activities this fiscal year was \$96.9 million compared to \$93.6 million last fiscal year. The increase in public safety (\$3.3 million), transportation (\$2.0 million) and culture and recreation (\$0.8 million) was offset by decrease in physical environment (\$2.3 million), human services (\$0.5 million). The overall change in net position for governmental activities was an increase of \$14.7 million.

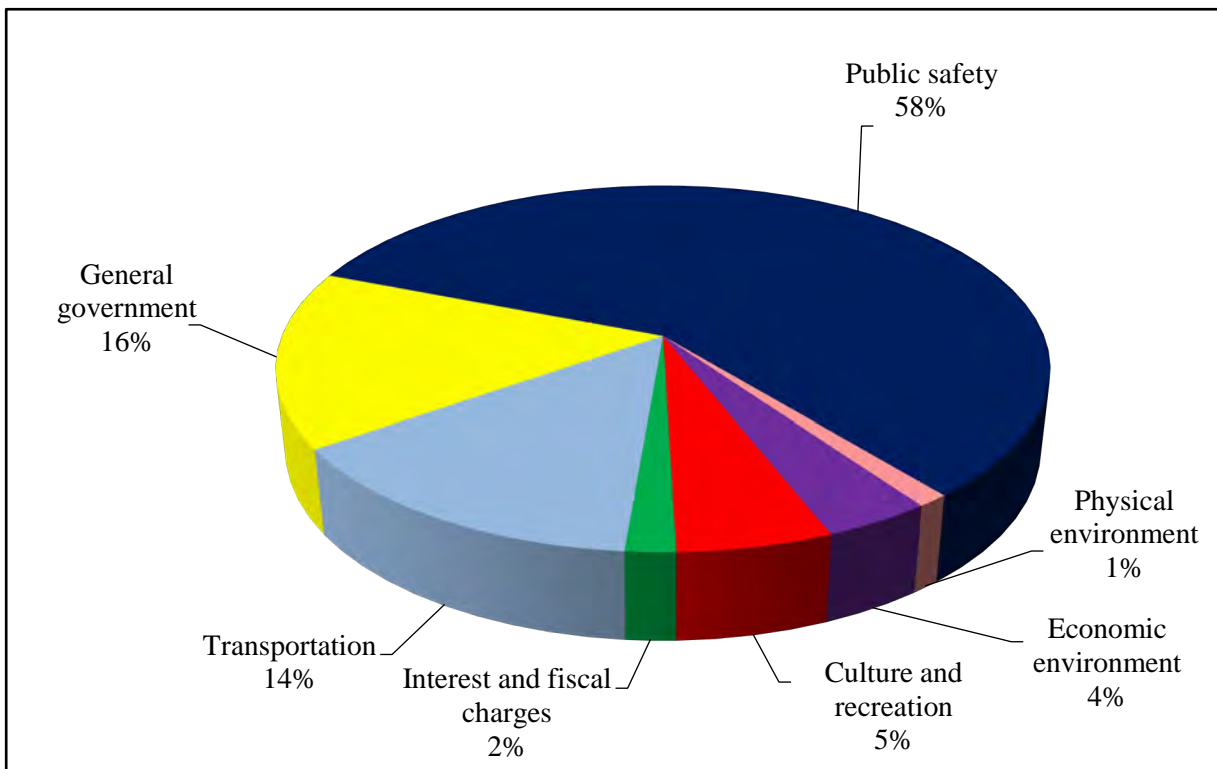
FY 2018-19 Expenses and Program Revenues - Governmental Activities



FY 2018-19 Revenues by Source – Governmental Activities



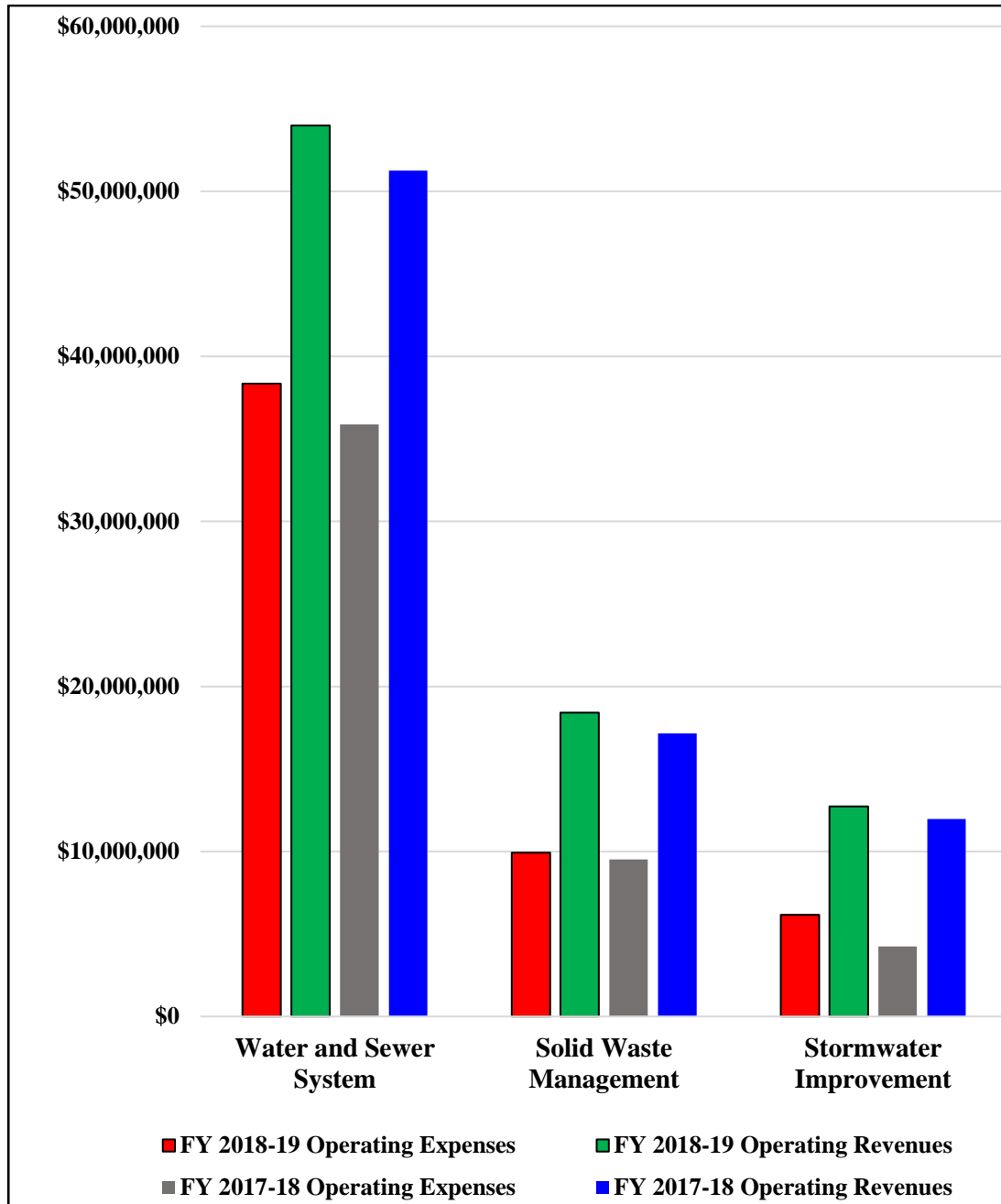
FY 2018-19 Expenses by Function – Governmental Activities



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 \$112.7 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 \$10.6 million, or 10.4 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 2018-19 Business-Type Activities – Major Funds – Operating Expenses and Operating Revenues



Water and Sewer System Fund operating revenues increased \$2.7 million or 5.3 percent from the prior fiscal year primarily due to the annual CPI adjustment and growth of consumption. Operating expenses increased \$2.5 million or 6.9 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 Bethune Point wastewater plant, Clyde Morris/Dunn Avenue manhole emergency repair, wastewater master plan, and inflow and infiltration study. The fund's net operating income increased by \$0.3 million for a total of \$15.7 million, a 1.8 percent increase from the prior fiscal year. The fund reported a change in net position of \$10.1 million primarily due to increased revenues as a result of usage increases, annual CPI adjustment, and grant contribution.

Solid Waste Management Fund operating revenues increased \$1.2 million, or 7.3 percent, from the prior fiscal year primarily due to the annual CPI adjustment and increased demand for services. Operating expenses increased by \$0.4 million, or 4.4 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 \$8.5 million for fiscal year 2018-19, as compared to \$7.6 million in FY 2017-18, an 11.0 percent increase. Net position decreased by \$1.4 million mainly due to increased transfers out to the capital projects fund and general fund.

Stormwater Improvement Fund operating revenues increased \$0.7 million, or 6.3 percent, from the prior fiscal year to \$12.7 million. This increase was primarily due to the annual CPI rate change. Operating expenses increased \$1.9 million or 45.1 percent. The majority of the change is due to expensing the \$1.4 million Midtown stormwater remediation project. Net operating income was \$6.6 million, a decrease of \$1.2 million, or 15.1 percent, from the previous fiscal year. The change in net position of \$7.7 million was mostly due to the increased transfers out to the general fund.

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, 2019, governmental funds reported combined fund balances of \$67.0 million, which is an increase of \$16.2 million, or 32.0 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 21.4 percent of this total fund balance amount, \$14.4 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 and prepaid items (\$0.2 million)
- legally required to be maintained intact for debt covenants (\$3.4 million)
- restricted by external grantors and outside agencies for particular purposes (\$30.6 million)
- assigned by the City for particular purposes (\$18.4 million)

The General Fund is the chief operating fund of the City. The general fund ended the year with a fund balance of \$27.0 million. Of this amount, \$0.2 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 2019-20 budget (\$7.3 million) and capital projects (\$3.3 million). As of September 30, 2019, the unassigned fund balance in the General Fund was \$15.9 million, which is a decrease of \$2.3

million compared to FY 2017-18. This decrease is due to the change in terminology applied to unassigned balance per the updated Fiscal Integrity Ordinance in FY 2018-19. According to the Fiscal Integrity Ordinance, some of the surplus will be included in the budget and be reported as an assigned balance/ the next budget year 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 21.4 percent of total FY 2018-19 General Fund expenditures (excluding transfers out, capital and other financing uses). Total fund balance represents approximately 36.3 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, 2019, the Redevelopment Trust Fund reflected an increase of \$2.5 million when revenues are compared to expenditures including transfers. Total revenues increased by \$0.2 million as a result of rising property values. Ending fund balance at September 30, 2019 was \$8.1 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 \$8.2 million at the end of FY 2018-19 compared to \$3.9 million in the prior fiscal year. This is due to increased transfers in from the General Fund for several high-dollar capital projects planned in the next year.

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 \$17.0 million, or 20.4 percent, from the originally adopted expenditure budget. The most significant amendments made to the budget were as follows:

- \$2,700,000 for the capital projects, including the carryforward of unexpended project funds from FY 2017-18 to FY 2018-19
- \$2,000,000 for Federal Emergency Management Agency (FEMA) named storms events
- \$7,300,000 for reserves required by the Fiscal Integrity Ordinance

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 \$5.2 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 (including transfers in) were \$12.7 million more than original budgeted revenues due to an increase in transfers in.

Overall, actual General Fund revenues were \$4.1 million more than final budgeted revenues. Some of the major increases include \$0.9 million in taxes, \$0.3 million in licenses and permits, \$0.3 million in intergovernmental revenues, \$1.0 million in charges for services, and \$2.0 million in investment income. 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, 2019, the City had investment in capital assets, net of depreciation, of \$266.2 million. This represents a net increase (consisting of additions, deletions, and depreciation) of \$17.2 million from the prior fiscal year. The following is a summary of the City's capital assets, net of depreciation, as of September 30, 2019 and 2018:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 27,323,314	\$ 26,855,062	\$ 7,941,019	\$ 7,926,554	\$ 35,264,333	\$ 34,781,616
Construction in progress	8,989,959	4,199,281	23,552,662	8,652,784	32,542,621	12,852,065
Buildings	33,792,957	36,422,919	11,169,054	12,736,366	44,962,011	49,159,285
Improvements and infrastructure	35,813,277	36,247,948	73,509,669	71,418,658	109,322,946	107,666,606
Equipment	9,724,629	10,097,015	34,365,135	34,436,106	44,089,764	44,533,121
Total	<u>\$ 115,644,136</u>	<u>\$ 113,822,225</u>	<u>\$ 150,537,539</u>	<u>\$ 135,170,468</u>	<u>\$ 266,181,675</u>	<u>\$ 248,992,693</u>

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

- Bennett Swamp aquifer recharge - \$4,525,074
- Williamson Boulevard reuse line - \$1,155,320
- Artificial turf at Jackie Robinson Ballpark – \$948,465
- Day docks at Halifax River – \$847,021
- Lift station # 4 - \$799,852
- Refurbish softener # 1 at Brennan water plant - \$705,183
- Refurbish softener # 3 at Brennan water plant- \$652,678
- Halifax River Greenway Trail - \$537,477
- Orange Avenue stormwater pond and parking lot - \$470,260
- Peterbuilt Vactor sewer cleaner for stormwater- \$348,360

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 \$152.6 million in debt outstanding compared to \$142.6 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	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ 23,108,876	\$ 24,629,459	\$ 35,674,613	\$ 38,620,219	\$ 58,783,489	\$ 63,249,678
General obligation bonds	12,182,518	13,226,270			12,182,518	13,226,270
Notes payable	5,999,128	6,790,744	25,931,000	28,512,000	31,930,128	35,302,744
State Revolving Fund loans			47,771,765	28,499,863	47,771,765	28,499,863
Capital lease payable	1,945,481	2,309,013	-	-	1,945,481	2,309,013
Total	<u>\$ 43,236,003</u>	<u>\$ 46,955,486</u>	<u>\$ 109,377,378</u>	<u>\$ 95,632,082</u>	<u>\$ 152,613,381</u>	<u>\$ 142,587,568</u>

Governmental debt decreased \$3.7 million due to principal retirement. Business-type debt increased \$13.7 million which is net of principal retirement of \$6.6 million and new debt issuance of \$20.3 million. Currently, the City has 100 percent fixed rate debt. Of the outstanding debt, approximately 8.0 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, FY 2011-12, and FY 2018-19 and was used as a basis for the FY 2005-06 through FY 2019-20 budgets. Some of the more salient points of the Ordinance include: maintaining a General Fund segregated budgetary cash reserve at a minimum of 10 percent of next year’s budgeted operating expenditures, 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 cash reserves fall 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 purpose of the FY 2018-19 amendment was to clarify the policy as it relates to segregated budgetary cash reserves which changes terminology applied to unassigned fund balance, establish renewal and replacement fund for certain other enterprise funds, and modified the re-appropriation budgetary process of donation or grant funded expenditures. According to the updated Fiscal Integrity Ordinance, surplus or reserves will be included in the budget.

The City is in compliance with the Ordinance by having segregated budgetary cash reserve in the General Fund of 17.8 percent of FY 2019-20 budgeted operating expenditures and by maintaining an 8 percent FY 2018-19 budget appropriation for renewal and replacement in the Water and Sewer System, Stormwater Improvement, and Daytona Beach Pier funds.

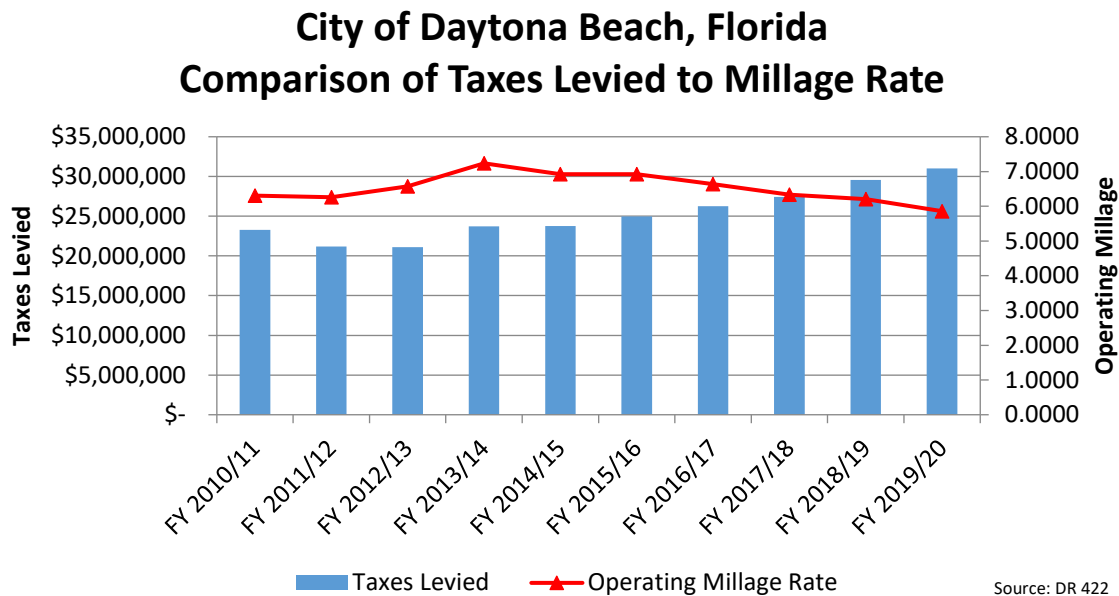
ECONOMIC FACTORS AFFECTING NEXT YEAR’S BUDGET AND RATES

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 2019, which has decreased compared to the 3.5% unemployment rate experienced one year earlier. This trend can be compared to the change in State of Florida rates as well, which dropped from 3.4% to 2.9% in the same period.

Market and taxable property values have increased for the sixth straight year since 2013 by an overall growth of 54.9% and 48.5%, 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 \$5.8587 per \$1,000 of taxable value for the FY 2019-20 annual operating budget is a reduction from the FY 2018-19 millage rate of \$6.2000.

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.



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 2019-20 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 2018-19 and FY 2019-20, residential property taxable values increased by \$231.0 million, or 11.4 percent. Meanwhile, commercial and other property values also increased by \$294.0 million, or 10.8 percent.

The FY 2019-20 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, redevelopment of the downtown area, 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 number 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, 2019 and will expire on September 30, 2021. 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 2019-20 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.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the City's fair value of investments (including pension investments) has declined similarly. Such declines in the fair value of investments held by the City and its pension plans may affect the amounts reported in future financial statements.

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, 2019

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Equity in pooled cash, cash equivalents, and investments	\$ 76,213,453	\$ 46,251,438	\$ 122,464,891	\$ 797,723
Receivables (net):				
Accounts	2,813,593	10,646,627	13,460,220	59
Taxes	403,072	-	403,072	-
Notes	161,396	-	161,396	-
Accrued interest	261,884	-	261,884	-
Intergovernmental receivable	4,321,048	7,823,587	12,144,635	
Internal balances	(2,155,090)	2,155,090	-	
Inventory	363,661	1,216,233	1,579,894	-
Prepays	354,233	42,333	396,566	5,282
Other assets	1,150	36,000	37,150	120,804
Restricted assets:				
Equity in pooled cash, cash equivalents, and investments	3,673,134	31,431,492	35,104,626	-
Prepaid insurance costs - bonds	55,081	83,659	138,740	-
Capital assets:				
Land and construction in progress	36,313,273	31,493,681	67,806,954	-
Other capital assets, net of accumulated depreciation	79,330,863	119,043,858	198,374,721	30,000
Total assets	202,110,751	250,223,998	452,334,749	953,868
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amount on refunding	526,540	1,229,365	1,755,905	-
Deferred amount for other post-employment benefits	253,900	77,827	331,727	-
Deferred amount for pensions	13,042,127	3,264,258	16,306,385	-
Total deferred outflows of resources	13,822,567	4,571,450	18,394,017	-
LIABILITIES:				
Accounts payable and other liabilities	5,104,999	5,483,058	10,588,057	3,263
Contracts payable	-	2,271	2,271	-
Intergovernmental payable	74,100	46,320	120,420	-
Deposits	56,629	8,481,195	8,537,824	-
Unearned revenue	2,495,521	1,793,265	4,288,786	-
Payable from restricted assets:				
Accounts payable and other liabilities	-	62,500	62,500	-
Contracts payable	-	914,277	914,277	-
Accrued interest	362,405	1,118,409	1,480,814	-
Due within one year:				
Bonds, loans, and notes payable	3,744,871	6,768,629	10,513,500	-
Insurance claims payable	2,207,000	-	2,207,000	-
Other liabilities	2,199,697	593,362	2,793,059	-
Due in more than one year:				
Bonds, loans, and notes payable	39,491,132	102,608,749	142,099,881	-
Net pension liability	90,524,195	10,978,716	101,502,911	-
Insurance claims payable	7,513,000	-	7,513,000	-
Other liabilities	8,458,162	2,467,413	10,925,575	-
Total liabilities	162,231,711	141,318,164	302,635,598	3,263
DEFERRED INFLOWS OF RESOURCES:				
Deferred amount for pensions	2,303,464	806,083	3,109,547	-
Total deferred inflows of resources	2,303,464	806,083	3,109,547	-
NET POSITION:				
Net investment in capital assets	94,042,068	38,072,559	132,114,627	30,000
Restricted for:				
Debt covenants	3,362,938	7,671,788	11,034,726	-
General government	14,252,396	-	14,252,396	-
Public safety	2,595,747	-	2,595,747	-
Transportation	1,890,464	-	1,890,464	-
Economic environment	8,850,721	-	8,850,721	-
Human services	157	-	157	774,598
Culture and recreation	3,030,294	45,164	3,075,458	-
Capital projects	-	32,772,720	32,772,720	-
Landfill	-	748,768	748,768	-
Unrestricted (deficit)	(76,626,642)	33,360,202	(43,266,440)	146,007
Total net position	\$ 51,398,143	\$ 112,671,201	\$ 164,069,344	\$ 950,605

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, 2019

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	\$ 15,152,044	\$ 9,425,057	\$ -	\$ -	\$ (5,726,987)	\$ -	\$ (5,726,987)	\$ -
Public safety	56,319,605	3,239,244	120,112	17,337	(52,942,912)	-	(52,942,912)	-
Physical environment	1,089,956	-	487,083	-	(602,873)	-	(602,873)	-
Transportation	13,516,573	783,637	1,264,284	388,131	(11,080,521)	-	(11,080,521)	-
Economic environment	3,714,034	650,860	865,414	-	(2,197,760)	-	(2,197,760)	-
Human services	2,529	-	-	1,540,358	1,537,829	-	1,537,829	-
Culture and recreation	5,364,082	1,946,551	286,632	-	(3,130,899)	-	(3,130,899)	-
Interest and fiscal charges	1,725,803	-	-	-	(1,725,803)	-	(1,725,803)	-
Total governmental activities	<u>96,884,626</u>	<u>16,045,349</u>	<u>3,023,525</u>	<u>1,945,826</u>	<u>(75,869,926)</u>	<u>-</u>	<u>(75,869,926)</u>	<u>-</u>
Business-Type Activities:								
Water and sewer system	41,629,642	53,770,654	-	7,061,692	-	19,202,704	19,202,704	-
Solid waste management	9,923,620	18,407,518	-	-	-	8,483,898	8,483,898	-
Stormwater improvement	6,272,899	12,721,833	-	-	-	6,448,934	6,448,934	-
Halifax Harbor	3,004,463	3,566,904	-	100,394	-	662,835	662,835	-
Cultural services	3,543,121	3,531,723	98,781	-	-	87,383	87,383	-
Municipal Golf Course	1,986,735	1,519,859	-	-	-	(466,876)	(466,876)	-
Florida Tennis Center	599,536	454,101	-	-	-	(145,435)	(145,435)	-
Municipal Stadium/Jackie Robinson Ballpark	175,748	283,869	-	-	-	108,121	108,121	-
Daytona Beach Pier	711,578	979,207	-	-	-	267,629	267,629	-
Total business-type activities	<u>67,847,342</u>	<u>95,235,668</u>	<u>98,781</u>	<u>7,162,086</u>	<u>-</u>	<u>34,649,193</u>	<u>34,649,193</u>	<u>-</u>
Total primary government	<u>\$ 164,731,968</u>	<u>\$ 111,281,017</u>	<u>\$ 3,122,306</u>	<u>\$ 9,107,912</u>	<u>(75,869,926)</u>	<u>34,649,193</u>	<u>(41,220,733)</u>	<u>-</u>
Component Unit:								
Downtown Development Authority	\$ 186,948	\$ -	\$ 50,855	\$ -	-	-	-	(136,093)
First Step Shelter, Inc.	209,382	-	108,851	-	-	-	-	(100,531)
Total component unit	<u>\$ 396,330</u>	<u>\$ -</u>	<u>\$ 159,706</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,624)</u>
GENERAL REVENUES:								
Taxes:								
Property taxes, levied for general purposes					30,359,003	-	30,359,003	140,889
Local option gas taxes					1,991,925	-	1,991,925	-
Public service taxes					11,768,805	-	11,768,805	-
Sales taxes					3,809,242	-	3,809,242	-
Franchise taxes					6,470,703	-	6,470,703	-
Tax increment taxes					3,212,092	-	3,212,092	-
Other taxes					991,258	-	991,258	-
Intergovernmental revenues not restricted to specific programs					2,787,678	-	2,787,678	-
Income on investments					2,767,495	790,992	3,558,487	14,164
Miscellaneous					1,104,048	511,045	1,615,093	20,046
Transfers					<u>25,357,605</u>	<u>(25,357,605)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>90,619,854</u>	<u>(24,055,568)</u>	<u>66,564,286</u>	<u>175,099</u>
Change in net position					<u>14,749,928</u>	<u>10,593,625</u>	<u>25,343,553</u>	<u>(61,525)</u>
NET POSITION:								
Beginning of year					<u>36,648,215</u>	<u>102,077,576</u>	<u>138,725,791</u>	<u>1,012,130</u>
End of year					<u>\$ 51,398,143</u>	<u>\$ 112,671,201</u>	<u>\$ 164,069,344</u>	<u>\$ 950,605</u>

THE CITY OF DAYTONA BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General	Redevelopment Trust	Capital Projects	Nonmajor Governmental	Total Governmental Funds
ASSETS:					
Equity in pooled cash, cash equivalents, and investments	\$ 22,422,052	\$ 7,974,896	\$ 8,801,230	\$ 22,927,103	\$ 62,125,281
Receivables (net):					
Accounts	2,636,876	-	-	171,006	2,807,882
Taxes	259,922	-	-	143,150	403,072
Notes	-	161,396	-	-	161,396
Accrued interest	261,884	-	-	-	261,884
Due from other funds	3,742,000	-	-	-	3,742,000
Intergovernmental receivable	1,245,404	-	-	3,075,644	4,321,048
Deposits	1,150	-	-	-	1,150
Inventory	232,360	-	-	-	232,360
Prepays	602	-	-	-	602
Restricted equity in pooled cash, cash equivalents, and investments	-	-	324,582	3,348,552	3,673,134
Total assets	<u>\$ 30,802,250</u>	<u>\$ 8,136,292</u>	<u>\$ 9,125,812</u>	<u>\$ 29,665,455</u>	<u>\$ 77,729,809</u>
LIABILITIES:					
Accounts payable and other liabilities	\$ 2,844,568	\$ 38,338	\$ 906,602	\$ 600,874	\$ 4,390,382
Due to other funds	-	-	-	3,705,000	3,705,000
Intergovernmental payable	64,127	658	-	3,014	67,799
Deposits	54,769	-	-	1,860	56,629
Unearned revenue	838,583	-	-	1,656,938	2,495,521
Total liabilities	<u>3,802,047</u>	<u>38,996</u>	<u>906,602</u>	<u>5,967,686</u>	<u>10,715,331</u>
FUND BALANCES:					
Non-Spendable:					
Inventory	232,360	-	-	-	232,360
Prepays	602	-	-	-	602
Restricted:					
Debt covenants	-	-	-	3,362,938	3,362,938
General government	-	-	-	14,252,396	14,252,396
Public safety	68,870	-	-	2,526,877	2,595,747
Transportation	-	-	324,582	1,565,882	1,890,464
Economic environment	-	8,097,296	-	753,425	8,850,721
Human services	-	-	-	157	157
Culture and recreation	198,619	-	-	2,831,675	3,030,294
Assigned:					
Capital projects	3,236,083	-	7,894,628	-	11,130,711
Fiscal year 2020 budget	7,270,660	-	-	-	7,270,660
Other projects	45,420	-	-	-	45,420
Unassigned	15,947,589	-	-	(1,595,581)	14,352,008
Total fund balances	<u>27,000,203</u>	<u>8,097,296</u>	<u>8,219,210</u>	<u>23,697,769</u>	<u>67,014,478</u>
Total liabilities and fund balances	<u>\$ 30,802,250</u>	<u>\$ 8,136,292</u>	<u>\$ 9,125,812</u>	<u>\$ 29,665,455</u>	<u>\$ 77,729,809</u>

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, 2019

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

Fund balance - governmental funds	\$ 67,014,478
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	114,826,157
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.	(1,102,269)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(129,340,223)</u>
Net position - governmental activities	<u><u>\$ 51,398,143</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, 2019

	General	Redevelopment Trust	Capital Projects	Nonmajor Governmental	Total Governmental Funds
REVENUES:					
Taxes	\$ 43,955,584	\$ -	\$ -	\$ 2,298,255	\$ 46,253,839
Licenses and permits	6,514,401	8,927	-	4,446,296	10,969,624
Intergovernmental	7,563,582	3,262,947	-	3,969,177	14,795,706
Charges for services	4,425,834	13,200	-	389,940	4,828,974
Fines and forfeitures	425,008	-	-	76,456	501,464
Special assessments/impact fees	48,182	-	-	4,679,413	4,727,595
Income on investments	2,477,549	42,670	34,416	142,486	2,697,121
Miscellaneous	455,042	14	-	827,711	1,282,767
Total revenues	<u>65,865,182</u>	<u>3,327,758</u>	<u>34,416</u>	<u>16,829,734</u>	<u>86,057,090</u>
EXPENDITURES:					
Current operating:					
General government	6,161,883	-	1,808	3,157,332	9,321,023
Public safety	49,107,720	-	-	431,692	49,539,412
Physical environment	-	-	-	1,089,956	1,089,956
Transportation	10,907,615	-	933,660	573,494	12,414,769
Economic environment	1,607,473	891,069	-	974,106	3,472,648
Human services	2,529	-	-	-	2,529
Culture and recreation	4,934,897	-	129,591	25,382	5,089,870
Capital outlay	1,728,616	54,684	3,525,942	3,926,486	9,235,728
Debt service:					
Principal	-	-	-	3,697,742	3,697,742
Interest and fiscal charges	-	-	-	1,682,401	1,682,401
Total expenditures	<u>74,450,733</u>	<u>945,753</u>	<u>4,591,001</u>	<u>15,558,591</u>	<u>95,546,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,585,551)</u>	<u>2,382,005</u>	<u>(4,556,585)</u>	<u>1,271,143</u>	<u>(9,488,988)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from insurance recovery	149,486	-	-	-	149,486
Transfers in	31,960,463	3,004,083	8,881,053	5,960,250	49,805,849
Transfers (out)	(20,731,917)	(2,895,693)	-	(604,788)	(24,232,398)
Total other financing sources (uses)	<u>11,378,032</u>	<u>108,390</u>	<u>8,881,053</u>	<u>5,355,462</u>	<u>25,722,937</u>
Net change in fund balances	2,792,481	2,490,395	4,324,468	6,626,605	16,233,949
FUND BALANCES:					
Beginning	24,207,722	5,606,901	3,894,742	17,071,164	50,780,529
Ending	<u>\$ 27,000,203</u>	<u>\$ 8,097,296</u>	<u>\$ 8,219,210</u>	<u>\$ 23,697,769</u>	<u>\$ 67,014,478</u>

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, 2019

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

Net change in fund balance - total governmental funds	\$ 16,233,949
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.	1,366,680
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	357,941
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.	3,697,742
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.	(7,016,492)
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>110,108</u>
Change in net position - governmental activities	<u>\$ 14,749,928</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 43,105,282	\$ 43,105,282	\$ 43,955,584	\$ 850,302
Licenses and permits	6,257,226	6,257,226	6,514,401	257,175
Intergovernmental	7,292,486	7,292,486	7,611,764	319,278
Charges for services	3,414,048	3,421,701	4,425,834	1,004,133
Fines and forfeitures	405,759	405,759	425,008	19,249
Income on investments	489,964	489,964	2,477,549	1,987,585
Miscellaneous	739,347	782,522	455,042	(327,480)
Total revenues	<u>61,704,112</u>	<u>61,754,940</u>	<u>65,865,182</u>	<u>4,110,242</u>
EXPENDITURES:				
General government:				
City Manager	3,966,240	2,877,803	2,800,898	76,905
City Attorney	1,291,047	1,226,047	1,217,883	8,164
City Clerk	491,437	491,437	450,888	40,549
Finance	1,874,900	1,927,900	1,692,214	235,686
Public safety:				
Police	35,172,050	36,533,834	36,270,069	263,765
Fire	13,262,129	13,076,208	12,837,651	238,557
Transportation	11,118,725	10,929,996	10,907,615	22,381
Economic environment	1,747,688	1,694,201	1,607,473	86,728
Human services	-	402,529	2,529	400,000
Culture and recreation	4,657,557	4,935,013	4,934,897	116
Capital outlay	1,062,622	5,535,903	1,728,616	3,807,287
Total expenditures	<u>74,644,395</u>	<u>79,630,871</u>	<u>74,450,733</u>	<u>5,180,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,940,283)</u>	<u>(17,875,931)</u>	<u>(8,585,551)</u>	<u>9,290,380</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from insurance recovery	-	-	149,486	149,486
Transfers in	20,029,603	32,649,167	31,960,463	(688,704)
Transfers (out)	(8,756,969)	(20,764,145)	(20,731,917)	32,228
Total other financing sources (uses)	<u>11,272,634</u>	<u>11,885,022</u>	<u>11,378,032</u>	<u>(506,990)</u>
Net change in fund balance	(1,667,649)	(5,990,909)	2,792,481	8,783,390
FUND BALANCE:				
Beginning	24,207,722	24,207,722	24,207,722	-
Ending	<u>\$ 22,540,073</u>	<u>\$ 18,216,813</u>	<u>\$ 27,000,203</u>	<u>\$ 8,783,390</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ 12,295	\$ 12,295	\$ 8,927	\$ (3,368)
Intergovernmental	3,309,477	3,309,477	3,262,947	(46,530)
Charges for services	11,455	11,455	13,200	1,745
Income on investments	-	-	42,670	42,670
Miscellaneous	2,600,046	47	14	(33)
Total revenues	<u>5,933,273</u>	<u>3,333,274</u>	<u>3,327,758</u>	<u>(5,516)</u>
EXPENDITURES:				
Current operating:				
General government	-	61,524	-	61,524
Economic environment	2,103,069	2,183,903	891,069	1,292,834
Grants and aids	-	1,206,240	-	1,206,240
Capital outlay	3,839,260	5,263,668	54,684	5,208,984
Total expenditures	<u>5,942,329</u>	<u>8,715,335</u>	<u>945,753</u>	<u>7,769,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,056)</u>	<u>(5,382,061)</u>	<u>2,382,005</u>	<u>7,764,066</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,036,307	3,036,307	3,004,083	(32,224)
Transfers (out)	(3,027,251)	(3,027,251)	(2,895,693)	131,558
Total other financing sources (uses)	<u>9,056</u>	<u>9,056</u>	<u>108,390</u>	<u>99,334</u>
Net change in fund balance	-	(5,373,005)	2,490,395	7,863,400
FUND BALANCE:				
Beginning	5,606,901	5,606,901	5,606,901	-
Ending	<u>\$ 5,606,901</u>	<u>\$ 233,896</u>	<u>\$ 8,097,296</u>	<u>\$ 7,863,400</u>

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, 2019

	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	\$ 31,804,652	\$ 4,560,148	\$ 4,937,908	\$ 4,948,730	\$ 46,251,438	\$ 14,088,172
Accounts receivable (net)	6,708,742	2,540,592	1,379,663	17,630	10,646,627	5,711
Intergovernmental receivable	7,823,587	-	-	-	7,823,587	-
Inventory	1,049,104	-	-	167,129	1,216,233	131,301
Prepays	-	-	-	42,333	42,333	353,631
Total current assets	<u>47,386,085</u>	<u>7,100,740</u>	<u>6,317,571</u>	<u>5,175,822</u>	<u>65,980,218</u>	<u>14,578,815</u>
Noncurrent assets:						
Restricted equity in pooled cash, cash equivalents, and investments	29,578,553	748,768	467,074	637,097	31,431,492	-
Prepaid insurance costs - bonds	82,493	-	1,088	78	83,659	-
Deposits	27,000	-	-	9,000	36,000	-
Advances to other funds	650,416	-	346,702	-	997,118	-
Capital assets:						
Non-depreciable	27,466,827	25,021	2,450,398	1,551,435	31,493,681	60,021
Depreciable (net)	95,490,293	67,688	18,630,282	4,855,595	119,043,858	757,958
Total noncurrent assets	<u>153,295,582</u>	<u>841,477</u>	<u>21,895,544</u>	<u>7,053,205</u>	<u>183,085,808</u>	<u>817,979</u>
Total assets	<u>200,681,667</u>	<u>7,942,217</u>	<u>28,213,115</u>	<u>12,229,027</u>	<u>249,066,026</u>	<u>15,396,794</u>
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred amount on refunding	1,126,326	-	11,305	91,734	1,229,365	-
Deferred amount for other post-employment benefits	60,815	1,058	11,150	4,804	77,827	22,196
Deferred amount for pensions	2,173,094	76,300	643,983	370,881	3,264,258	1,174,559
Total deferred outflows of resources	<u>3,360,235</u>	<u>77,358</u>	<u>666,438</u>	<u>467,419</u>	<u>4,571,450</u>	<u>1,196,755</u>
LIABILITIES:						
Current liabilities:						
Accounts payable and other liabilities	4,383,954	752,055	90,220	256,829	5,483,058	714,617
Contracts payable	2,271	-	-	-	2,271	-
Intergovernmental payable	14,320	323	2,491	29,186	46,320	6,301
Insurance claims payable	-	-	-	-	-	2,207,000
Due to other funds	-	-	-	37,000	37,000	-
Unearned revenues	-	-	1,248,318	544,947	1,793,265	-
Compensated absences	443,640	9,268	98,948	41,506	593,362	233,523
Bonds payable	2,525,000	-	-	44,917	2,569,917	-
Notes and loans payable	3,354,468	-	325,244	519,000	4,198,712	-
Payable from restricted assets:						
Accounts payable	62,500	-	-	-	62,500	-
Contracts payable	914,277	-	-	-	914,277	-
Accrued interest	995,810	-	32,705	89,894	1,118,409	-
Total current liabilities	<u>12,696,240</u>	<u>761,646</u>	<u>1,797,926</u>	<u>1,563,279</u>	<u>16,819,091</u>	<u>3,161,441</u>
Noncurrent liabilities:						
Insurance claims payable	-	-	-	-	-	7,513,000
Deposits	8,406,560	-	-	74,635	8,481,195	-
Compensated absences	620,744	5,682	121,450	131,946	879,822	336,909
Other post-employment benefits	881,637	36,196	222,754	189,284	1,329,871	335,648
Net pension liability	7,368,450	343,487	2,098,020	1,168,759	10,978,716	3,870,533
Pollution remediation	-	84,580	-	-	84,580	-
Landfill closure and post-closure	-	173,140	-	-	173,140	-
Bonds payable	32,308,827	-	750,156	45,713	33,104,696	-
Notes and loans payable	62,533,040	-	1,408,013	5,563,000	69,504,053	-
Advances from other funds	-	-	-	997,118	997,118	-
Total noncurrent liabilities	<u>112,119,258</u>	<u>643,085</u>	<u>4,600,393</u>	<u>8,170,455</u>	<u>125,533,191</u>	<u>12,056,090</u>
Total liabilities	<u>124,815,498</u>	<u>1,404,731</u>	<u>6,398,319</u>	<u>9,733,734</u>	<u>142,352,282</u>	<u>15,217,531</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred amount for pensions	542,236	17,248	136,343	110,256	806,083	286,197
Total deferred inflows of resources	<u>542,236</u>	<u>17,248</u>	<u>136,343</u>	<u>110,256</u>	<u>806,083</u>	<u>286,197</u>
NET POSITION:						
Net investment in capital assets	19,043,978	92,709	18,609,660	326,212	38,072,559	817,979
Restricted for:						
Debt covenants	6,099,256	-	1,070,493	502,039	7,671,788	-
Capital projects	31,473,027	833,428	-	1,240,195	33,546,650	-
Landfill	-	748,768	-	-	748,768	-
Donations	-	-	-	45,164	45,164	-
Unrestricted	22,067,907	4,922,691	2,664,738	738,846	30,394,182	271,842
Total net position	<u>\$ 78,684,168</u>	<u>\$ 6,597,596</u>	<u>\$ 22,344,891</u>	<u>\$ 2,852,456</u>	<u>\$ 110,479,111</u>	<u>\$ 1,089,821</u>
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					2,192,090	
Net position of business-type activities					<u>\$ 112,671,201</u>	

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, 2019

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 53,770,654	\$ 18,407,518	\$ 12,721,833	\$ 10,335,663	\$ 95,235,668	\$ 16,126,265
Other receipts	226,109	1,617	652	100,570	328,948	34,412
Total operating revenues	<u>53,996,763</u>	<u>18,409,135</u>	<u>12,722,485</u>	<u>10,436,233</u>	<u>95,564,616</u>	<u>16,160,677</u>
OPERATING EXPENSES:						
Personnel services	11,831,304	310,869	2,174,617	1,554,213	15,871,003	5,143,227
Contractual services	14,432,333	9,586,004	2,765,941	6,639,836	33,424,114	8,693,038
Materials and supplies	4,356,123	11,709	111,989	1,111,782	5,591,603	1,535,870
Depreciation	7,720,617	15,038	1,117,275	483,694	9,336,624	213,458
Total operating expenses	<u>38,340,377</u>	<u>9,923,620</u>	<u>6,169,822</u>	<u>9,789,525</u>	<u>64,223,344</u>	<u>15,585,593</u>
Operating income (loss)	<u>15,656,386</u>	<u>8,485,515</u>	<u>6,552,663</u>	<u>646,708</u>	<u>31,341,272</u>	<u>575,084</u>
NONOPERATING REVENUE (EXPENSE):						
Operating grants and contributions	-	-	-	98,781	98,781	-
Income on investments	685,599	40,025	37,969	27,399	790,992	70,374
Interest expense	(3,289,265)	-	(103,077)	(231,656)	(3,623,998)	-
Gain (loss) on disposal of capital assets	(11,590)	-	(126,935)	-	(138,525)	1,118
Total nonoperating revenue (expense)	<u>(2,615,256)</u>	<u>40,025</u>	<u>(192,043)</u>	<u>(105,476)</u>	<u>(2,872,750)</u>	<u>71,492</u>
Income (loss) before capital grants, contributions and transfers	13,041,130	8,525,540	6,360,620	541,232	28,468,522	646,576
Capital grants and contributions	7,061,692	-	100,394	-	7,162,086	-
Transfers in	-	-	-	9,068,034	9,068,034	-
Transfers (out)	<u>(10,030,221)</u>	<u>(9,924,040)</u>	<u>(14,178,611)</u>	<u>(292,767)</u>	<u>(34,425,639)</u>	<u>(215,846)</u>
Change in net position	10,072,601	(1,398,500)	(7,717,597)	9,316,499	10,273,003	430,730
NET POSITION (DEFICIT):						
Beginning	68,611,567	7,996,096	30,062,488	(6,464,043)	100,206,108	659,091
Ending	<u>\$ 78,684,168</u>	<u>\$ 6,597,596</u>	<u>\$ 22,344,891</u>	<u>\$ 2,852,456</u>	<u>\$ 110,479,111</u>	<u>\$ 1,089,821</u>
Change in net position from above					\$ 10,273,003	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					320,622	
Change in net position of business-type activities					<u>\$ 10,593,625</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, 2019

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
CASH FLOWS FROM						
OPERATING ACTIVITIES:						
Receipts from customers	\$ 48,424,119	\$ 18,240,242	\$ 12,862,679	\$ 9,957,260	\$ 89,484,300	\$ -
Receipts from other funds for interfund services provided	-	-	-	-	-	16,120,554
Other receipts	226,109	1,617	652	100,570	328,948	34,412
Payments to suppliers	(9,019,190)	(7,307,812)	(1,583,257)	(7,963,490)	(25,873,749)	(10,144,827)
Payments to employees	(10,759,369)	(270,004)	(1,931,495)	(1,486,519)	(14,447,387)	(4,677,685)
Payment to other funds for services provided	(6,275,553)	(2,158,289)	(1,351,640)	-	(9,785,482)	-
Net cash provided by operating activities	22,596,116	8,505,754	7,996,939	607,821	39,706,630	1,332,454
CASH FLOWS FROM NONCAPITAL						
FINANCING ACTIVITIES:						
Operating grants and contributions	-	-	-	98,781	98,781	-
Transfers from other funds	-	-	-	9,068,034	9,068,034	-
Transfers (to) other funds	(10,030,221)	(9,924,040)	(14,178,611)	(292,767)	(34,425,639)	(215,846)
Repayment of advances to other funds	2,218,925	-	5,410,850	(7,629,775)	-	-
Net cash provided by (used for) noncapital financing activities	(7,811,296)	(9,924,040)	(8,767,761)	1,244,273	(25,258,824)	(215,846)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of capital assets	(11,590)	-	(126,935)	-	(138,525)	1,118
Acquisition and construction of capital assets	(25,692,731)	-	989,036	-	(24,703,695)	(310,741)
Proceeds from debt	20,295,763	-	-	-	20,295,763	-
Principal payments on bonds, loans, and notes	(5,266,074)	-	(297,833)	(548,412)	(6,112,319)	-
Interest payments on bonds, loans, and notes	(3,601,238)	-	(111,196)	(229,177)	(3,941,611)	-
Capital grants and contributions for purchase of capital assets	7,061,692	-	100,394	-	7,162,086	-
Net cash used for capital and related financing activities	(7,214,178)	-	553,466	(777,589)	(7,438,301)	(309,623)
CASH FLOWS FROM INVESTING						
ACTIVITIES:						
Interest received	685,599	40,025	37,969	27,399	790,992	70,374
Net cash provided by investing activities	685,599	40,025	37,969	27,399	790,992	70,374
Net increase (decrease) in cash, cash equivalents, and investments	8,256,241	(1,378,261)	(179,387)	1,101,904	7,800,497	877,359
EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:						
Beginning	53,126,964	6,687,177	5,584,369	4,483,923	69,882,433	13,210,813
Ending	<u>\$ 61,383,205</u>	<u>\$ 5,308,916</u>	<u>\$ 5,404,982</u>	<u>\$ 5,585,827</u>	<u>\$ 77,682,930</u>	<u>\$ 14,088,172</u>
Classified as:						
Unrestricted	\$ 31,804,652	\$ 4,560,148	\$ 4,937,908	\$ 4,948,730	\$ 46,251,438	\$ 14,088,172
Restricted	29,578,553	748,768	467,074	637,097	31,431,492	-
Total	<u>\$ 61,383,205</u>	<u>\$ 5,308,916</u>	<u>\$ 5,404,982</u>	<u>\$ 5,585,827</u>	<u>\$ 77,682,930</u>	<u>\$ 14,088,172</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, 2019
(continued)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	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	\$ 15,656,386	\$ 8,485,515	\$ 6,552,663	\$ 646,708	\$ 31,341,272	\$ 575,084
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	7,720,617	15,038	1,117,275	483,694	9,336,624	213,458
(Increase) decrease in:						
Accounts receivable (net)	(5,019)	(167,276)	(33,210)	(4,194)	(209,699)	(5,711)
Intergovernmental receivable	(6,033,411)	-	-	-	(6,033,411)	-
Inventory	(284,245)	-	-	(50,329)	(334,574)	(26,434)
Prepays	5,000	-	-	18,531	23,531	(19,974)
Deposits	-	-	-	-	-	-
Deferred outflow amount for pensions	265,799	9,618	48,729	37,338	361,484	123,898
Deferred outflow amount for OPEB	(60,815)	(1,058)	(11,150)	(4,804)	(77,827)	(22,197)
Increase (decrease) in:						
Accounts payable and other liabilities	3,248,370	60,625	(30,378)	15,882	3,294,499	149,709
Contracts payable	756,168	-	(24,039)	-	732,129	-
Intergovernmental payable	2,755	89	450	(6,589)	(3,295)	780
Insurance claims payable	-	-	-	-	-	(20,000)
Due to other funds	-	-	(3,000)	(195,000)	(198,000)	-
Unearned revenues	-	-	174,056	(374,208)	(200,152)	-
Deposits	691,895	-	-	5,656	697,551	-
Escrows held	(234,335)	-	-	-	(234,335)	-
Pollution remediation obligation	-	62,414	-	-	62,414	-
Landfill closure and post-closure	-	8,484	-	-	8,484	-
Compensated absences	(41,117)	(263)	39,053	(91,418)	(93,745)	(57,094)
Other post-employment benefits	15,686	273	2,876	1,180	20,015	5,724
Net pension liability	1,024,688	37,083	187,871	143,963	1,393,605	476,980
Deferred inflow amount for pensions	(132,306)	(4,788)	(24,257)	(18,589)	(179,940)	(61,769)
Total adjustments	6,939,730	20,239	1,444,276	(38,887)	8,365,358	757,370
Net cash provided by operating activities	\$ 22,596,116	\$ 8,505,754	\$ 7,996,939	\$ 607,821	\$ 39,706,630	\$ 1,332,454
Noncash capital and related financing activities:						
Amortization of deferred amount on refunding	\$ 19,249	\$ -	\$ -	\$ 5,895	\$ 25,144	\$ -

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, 2019

	Police and Fire Pension Trust Fund	Police Asset Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 2,480,557	\$ 340,659
Investments, at fair value:		
Equities - stocks	146,702,269	-
Fixed income - bonds and notes	35,919,704	-
Receivables:		
Contributions	76,590	-
Accrued interest and dividends	35,167	-
Total assets	<u>185,214,287</u>	<u>\$ 340,659</u>
LIABILITIES:		
Accounts payable and other liabilities	292,193	340,659
Total liabilities	<u>292,193</u>	<u>\$ 340,659</u>
NET POSITION RESTRICTED FOR PENSIONS:		
Assets held in trust for pension benefits	<u>\$ 184,922,094</u>	

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, 2019

	Police and Fire Pension Trust Fund
ADDITIONS:	
Contributions:	
Employer	\$ 8,021,173
Employee	1,790,540
Employer from state	983,698
Total contributions	<u>10,795,411</u>
Investment income:	
Net appreciation in fair value of plan investments	3,944,508
Interest and dividends	3,278,846
Class action settlement	501
Total investment income	<u>7,223,855</u>
Less: Investment expense	<u>(642,881)</u>
Net investment income	<u>6,580,974</u>
Total additions	<u>17,376,385</u>
DEDUCTIONS:	
Benefit payments	16,765,629
Refunds on member contributions	260,330
Administrative expenses	319,079
Total deductions	<u>17,345,038</u>
Change in net position	31,347
NET POSITION - beginning	184,890,747
NET POSITION - ending	<u><u>\$ 184,922,094</u></u>

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, 2019

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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, PO 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 First Step Shelter, Inc., Treasurer, PO Box 12040, Daytona Beach, FL 32120-2040.

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 2018-19, 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 units. 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.

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)

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.

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, Cultural Services 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.

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

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 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, 2019, the City had capitalized interest of \$877,515.

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.

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

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 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*.

9. Deferred Outflows/Inflows of Resources

The City has three (3) items that qualify for reporting as deferred outflows of resources; the *deferred amount on refunding*, the *deferred amount for pensions* and the *deferred amount for other post-employment benefits*. All three are 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. The deferred outflows on other post-employment benefits results from the change in assumptions for the discount rate and will be amortized for twelve years. The deferred outflows related to other post-employment benefits will be recognized as either group health insurance expense or a reduction in the net other post-employment benefits 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, 2019.

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 ten percent (10%) segregated budgetary cash reserve of total current year budgeted operating expenditures in the general fund. Should the segregated budgetary cash reserve 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 segregated budgetary cash reserve be fully funded within a two-year period. Use of the segregated budgetary cash reserve 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 6.2000 mills and for debt service was 0.3090 mills for a total millage rate of 6.5090 mills for the fiscal year ended September 30, 2019.

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, 2018

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, 2018

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 2018

All real and tangible personal property taxes are due and payable (levy date) November 1, 2018

The County mails Notice of Taxes to property owners on the assessment roll November 2018

Taxes are paid from November 2018 through March 2019, with the following applicable discounts:

Month Paid	Percent Discount
November	4%
December	3%
January	2%
February	1%
March	0%

All unpaid taxes on real and tangible personal property become delinquent April 1, 2019

Tax certificates are sold on all parcels with unpaid real property taxes (lien date) May 31, 2019

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 2019

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.

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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 \$114,826,157 difference are as follows:

Land	\$	27,323,314
Construction in progress		8,929,938
Buildings		63,637,414
Less: Accumulated depreciation – buildings		(29,867,357)
Improvements and infrastructure		82,500,405
Less: Accumulated depreciation – improvements and infrastructure		(46,767,715)
Equipment		35,485,347
Less: Accumulated depreciation – equipment		(26,415,189)
Net adjustment to increase <i>fund balance – total governmental funds</i>		
to arrive at net position – governmental activities	\$	<u>114,826,157</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 \$1,102,269 difference are as follows:

Net position of the internal service funds	\$	1,089,821
Less: Internal balance representing charges in excess of costs to		
business-type activities – prior years		(1,871,468)
Less: Internal balance representing charges in excess of costs to		
business-type activities – current year		(320,622)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to		
arrive at <i>net position – governmental activities</i>	\$	<u>(1,102,269)</u>

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

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

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 \$129,340,223 difference are as follows:

Prepaid bond insurance costs (to be amortized over life of debt)	\$	55,081
Deferred amount on refunding (to be amortized as interest revenue)		526,540
Deferred amount for pensions (net)		9,850,302
Deferred amount for other post-employment benefits (net)		231,703
Accrued interest payable		(362,405)
Bonds, loans, and notes payable		(43,236,003)
Net pension liability		(86,653,662)
Compensated absences		(5,829,627)
Other post-employment benefits		(3,922,152)
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$	<u>(129,340,223)</u>

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 \$1,366,680 difference are as follows:

Capital outlay	\$	9,235,728
Depreciation expense		(7,869,048)
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>1,366,680</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 \$357,941 difference is as follows:

In the statement of activities, only the *loss* 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

	\$	357,941
Net adjustment to increase <i>total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	<u>357,941</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 “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 \$3,697,742 difference are as follows:

Principal payments:		
Bonds	\$	2,542,589
Notes and Loans		1,155,153
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>3,697,742</u>

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 \$7,016,492 difference are as follows:

Amortization of prepaid bond insurance costs	\$	(8,965)
Amortization of deferred amount on refunding		(77,247)
Amortization of deferred amount on other post-employment benefits		231,703
Amortization of bond premium		21,746
Accrued interest		21,064
Pension expense		(6,972,395)
Compensated absences		(172,579)
Other post-employment benefits		(59,819)
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>(7,016,492)</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 \$110,108 difference are as follows:

Change in net position of the internal service funds	\$	430,730
Less: Income from charges to business-type activities		(320,622)
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>110,108</u>

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

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 \$2,192,090 difference are as follows:

Internal balance representing charges in excess of costs to business-type activities – prior years	\$ 1,871,468
Internal balance representing charges in excess of costs to business-type activities – current year	320,622
Net adjustment to increase <i>net position – total enterprise funds</i> to arrive at <i>net position – business-type activities</i>	<u>\$ 2,192,090</u>

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

The following funds had a deficit net position at fiscal year-end September 30, 2019.

Grants Fund – The Grants Fund had a deficit unassigned fund balance of \$176,433 at September 30, 2019. This deficit was the result of retainage expense incurred in grant funded projects which was not grant reimbursable at the end of Fiscal Year 2019. These expenditures will be reimbursed in Fiscal Year 2020.

Emergency Management Grants Fund – The Emergency Management Grants Fund had a deficit unassigned fund balance of \$1,419,148 at September 30, 2019. 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 2020. Therefore, according to GASB Codification N50: *Nonexchange Transactions*, the revenue for the expenditures will be recognized in Fiscal Year 2020.

Halifax Harbor Fund - The Halifax Harbor Fund had a deficit net position of \$1,084,176 at September 30, 2019. 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. 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.

Employment Services Fund - The Employment Services Fund had a deficit net position of \$91,023 at September 30, 2019. 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

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

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.

Fleet Maintenance Fund - The Fleet Maintenance Fund had a deficit net position of \$4,460 at September 30, 2019. This deficit was the result of transfers of excess fund balance back to the General Fund to help fund vehicles for the police department.

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, 2019. The City utilizes "duration" as a measurement of interest rate risk and as of September 30, 2019, the combined cash and investment portfolios had a weighted average duration of 0.42 years.

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, 2019, the City's investment portfolios were held with a third-party custodian as required by the investment policy.

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019:

The City follows Section I50: *Investments* of the GASB Codification which establishes a framework for measuring fair

Portfolio	Fair Value	Duration (Years)	Weighted Average Rating Moody's/S&P	Percent Distribution
Cash Deposits	\$ 98,600,239			62.58%
PFM Prime Money Market Fund	8,406,560	0.25	Aaa-mf/AAAm	5.34%
First American Treasury Money Market Fund	123,419	-	Aaa-mf/AAAm	0.08%
US Treasury Notes	17,857,071	1.15		11.33%
US Instrumentalities:				
Federal Home Loan Bank	10,974,545	1.38	Aaa/AA+	6.96%
Federal Home Loan Mortgage Corporation	7,706,125	0.83	Aaa/AA+	4.89%
Federal National Mortgage Association	1,015,980	2.43	Aaa/AA+	0.64%
Federal Farm Credit Bank	7,591,644	1.95	Aaa/AA+	4.82%
Corporate Notes:				
Microsoft Corporation	1,013,725	2.21	Aaa/AAA	0.64%
Apple Incorporated	1,506,508	1.52	Aa1/AA+	0.96%
Chevron Corporation	507,471	2.27	Aa2/AA	0.32%
Exxon Mobile Corporation	1,499,302	0.38	Aaa/AA+	0.95%
Wal Mart Stores Incorporated	766,928	1.67	Aa2/AA	0.49%
Total	<u>\$ 157,569,517</u>			<u>100.00%</u>

value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The three levels of the fair value hierarchy under Section I50: *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, 2019. At the end of fiscal year, the City did not have investments classified as Level 1 and Level 3 assets in its portfolio.

Portfolio	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 2
US Treasury Notes	\$ 17,857,071	\$ 17,857,071
US Instrumentalities:		
Federal Home Loan Bank	10,974,545	10,974,545
Federal Home Loan Mortgage Corporation	7,706,125	7,706,125
Federal National Mortgage Association	1,015,980	1,015,980
Federal Farm Credit Bank	7,591,644	7,591,644
Corporate Notes:		
Microsoft Corporation	1,013,725	1,013,725
Apple Incorporated	1,506,508	1,506,508
Chevron Corporation	507,471	507,471
Exxon Mobile Corporation	1,499,302	1,499,302
Wal Mart Stores Incorporated	766,928	766,928
Subtotal	50,439,299	50,439,299
First American Treasury Money Market Fund	123,419	n/a
PFM Prime Money Market Fund	8,406,560	n/a
Cash Deposits	98,600,239	n/a
Total	<u>\$ 157,569,517</u>	<u>\$ 50,439,299</u>

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of September 30, 2019:

- 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, 2019. 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, 2019:

Description	Receivables	(Less) Allowance for Uncollectibles	Receivables (Net)
Governmental Funds:			
General Fund	\$ 3,621,432	\$ (462,750)	\$ 3,158,682
Redevelopment Trust	161,396	-	161,396
Nonmajor governmental funds	604,973	(290,817)	314,156
Total - Governmental Funds	<u>4,387,801</u>	<u>(753,567)</u>	<u>3,634,234</u>
Proprietary Funds:			
Water and Sewer System	7,694,529	(985,787)	6,708,742
Solid Waste Management	2,824,415	(283,823)	2,540,592
Stormwater Improvement	1,452,678	(73,015)	1,379,663
Nonmajor Enterprise Funds	17,630	-	17,630
Total - Proprietary Funds	<u>11,989,252</u>	<u>(1,342,625)</u>	<u>10,646,627</u>
Internal Service Funds:			
Information Technology	5,711	-	5,711
Fiduciary Funds:			
Police and Fire Pension Trust	111,757	-	111,757
Total	<u>\$ 16,494,521</u>	<u>\$ (2,096,192)</u>	<u>\$ 14,398,329</u>

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 and Nonmajor governmental funds 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 \$124,896, Water and Sewer System Fund of \$3,747,199, Solid Waste Management Fund of \$1,436,925, and Stormwater Improvement Fund of \$1,015,456 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, 2019:

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, 2019 was \$161,396, wherewith the City Manager is in negotiations to get a settlement.

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, 2019.

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 fiscal year 2018-19, Halifax Harbor Plaza lease revenues totaled \$245,968.

Halifax Harbor Plaza Assets:

Building	\$	4,617,681
Infrastructure		452,974
Equipment		316,541
Less: Accumulated depreciation		(3,070,554)
Total	\$	<u>2,316,642</u>

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THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

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:

Period	Annual Base Rent	Percentage Rent (of gross sales)
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 2018-19, Daytona Beach Pier lease revenues, including percentage rent, totaled \$602,978.

Daytona Pier Assets:

Building	\$ 6,136,161
Less: Accumulated depreciation	(1,719,541)
Total	<u>\$ 4,416,620</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:

Period	Annual Base Rent	Percentage Rent (of gross sales)
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 fiscal year 2018-19, the Municipal Stadium lease revenues totaled \$112,500.

Municipal Stadium Assets:

Building	\$ 4,690,869
Infrastructure	2,491,482
Equipment	1,346,961
Less: Accumulated depreciation	(4,801,287)
Total	<u>\$ 3,728,025</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 fiscal year 2018-19, JBRP lease revenues totaled \$60,272.

Jackie Robinson Ballpark Assets:

Building	\$	3,804,089
Infrastructure		3,115,533
Equipment		51,670
Less: Accumulated depreciation		(4,422,855)
Total	\$	<u>2,548,437</u>

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

The following is a summary of interfund receivable and payable balances at September 30, 2019:

A. Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Total nonmajor governmental funds	\$ 3,705,000
General Fund	Total nonmajor enterprise funds	37,000
Total		<u>\$ 3,742,000</u>

The amounts payable from the Community Development Fund, Grants Funds, Emergency Management Grant Fund, and the Tennis Center Fund to the General Fund, totaling \$3,742,000 were to cover temporary cash deficits caused by timing of receipts and grant reimbursements, including \$3,555,000 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	\$ 650,416
Stormwater Improvement Fund	Total nonmajor proprietary funds	346,702
Total		<u>\$ 997,118</u>

Advances payable to the Water and Sewer System Fund from the Halifax Harbor Fund were to cover operating costs over several previous fiscal years. Advances payable to the Stormwater Improvement Fund from the Halifax Harbor Fund were to cover cash deficits resulting from decreased operating revenues. These advances do not have any repayment terms.

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

NOTE 8 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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	Internal Service Funds
Governmental Funds:								
General Fund	\$ 20,731,916	\$ -	\$ 3,004,083	\$ 6,200,031	\$ 2,459,768	\$ -	\$ 9,068,034	\$ -
Redevelopment Trust	2,895,693	-	-	-	2,895,693	-	-	-
Capital Projects	-	-	-	-	-	-	-	-
Nonmajor governmental	604,788	-	-	-	604,788	-	-	-
Total – governmental funds	24,232,397	-	3,004,083	6,200,031	5,960,249	-	9,068,034	-
Proprietary Funds:								
Water and Sewer System	10,030,221	8,440,267	-	1,589,954	-	-	-	-
Solid Waste Management	9,924,040	9,396,421	-	527,619	-	-	-	-
Stormwater Improvement	14,178,611	13,809,001	-	369,610	-	-	-	-
Nonmajor enterprise	292,767	98,928	-	193,839	-	-	-	-
Total – proprietary funds	34,425,639	31,744,617	-	2,681,022	-	-	-	-
Internal Service Funds	215,846	215,846						
Total	\$ 58,873,882	\$ 31,960,463	\$ 3,004,083	\$ 8,881,053	\$ 5,960,249	\$ -	\$ 9,068,034	\$ -

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 2019. Transfers from the General Fund to four Nonmajor Enterprise Funds were made to cover prior year deficits. 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.

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THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

NOTE 9 - CAPITAL ASSETS

A. Fiscal Year Activity:

Capital asset activity for the fiscal year ended September 30, 2019 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities: (Includes internal service funds)				
Capital assets, not being depreciated:				
Land.....	\$ 26,855,062	\$ 468,252	\$ -	\$ 27,323,314
Construction in progress.....	4,199,281	5,675,183	(884,505)	8,989,959
Total capital assets, not being depreciated.....	<u>31,054,343</u>	<u>6,143,435</u>	<u>(884,505)</u>	<u>36,313,273</u>
Capital assets, being depreciated:				
Buildings.....	65,266,743	257,505	(1,645,633)	63,878,615
Improvements and infrastructure.....	80,343,694	2,364,173	(47,543)	82,660,324
Equipment.....	36,051,624	2,049,587	(699,608)	37,401,603
Total capital assets, being depreciated.....	<u>181,662,061</u>	<u>4,671,265</u>	<u>(2,392,784)</u>	<u>183,940,542</u>
Less accumulated depreciation for:				
Buildings.....	(28,843,824)	(2,879,384)	1,637,550	(30,085,658)
Improvements and infrastructure.....	(44,095,746)	(2,798,844)	47,543	(46,847,047)
Equipment.....	(25,954,609)	(2,404,278)	681,913	(27,676,974)
Total accumulated depreciation.....	<u>(98,894,179)</u>	<u>(8,082,506)</u>	<u>2,367,006</u>	<u>(104,609,679)</u>
Total capital assets, being depreciated, net.....	<u>82,767,882</u>	<u>(3,411,241)</u>	<u>(25,778)</u>	<u>79,330,863</u>
Governmental activities capital assets, net.....	<u>\$113,822,225</u>	<u>\$ 2,732,194</u>	<u>\$ (910,283)</u>	<u>\$115,644,136</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land.....	\$ 7,926,554	\$ 14,465	\$ -	\$ 7,941,019
Construction in progress.....	8,652,784	21,701,613	(6,801,735)	23,552,662
Total capital assets, not being depreciated.....	<u>16,579,338</u>	<u>21,716,078</u>	<u>(6,801,735)</u>	<u>31,493,681</u>
Capital assets, being depreciated:				
Buildings.....	56,908,051	126,935	(239,262)	56,795,724
Improvements and infrastructure.....	122,725,485	6,026,449	(12,239)	128,739,695
Equipment.....	153,601,634	3,797,506	(2,459,563)	154,939,577
Total capital assets, being depreciated.....	<u>333,235,170</u>	<u>9,950,890</u>	<u>(2,711,064)</u>	<u>340,474,996</u>
Less accumulated depreciation for:				
Buildings.....	(44,171,685)	(1,567,311)	112,326	(45,626,670)
Improvements and infrastructure.....	(51,306,827)	(3,935,437)	12,238	(55,230,026)
Equipment.....	(119,165,528)	(3,833,876)	2,424,962	(120,574,442)
Total accumulated depreciation.....	<u>(214,644,040)</u>	<u>(9,336,624)</u>	<u>2,549,526</u>	<u>(221,431,138)</u>
Total capital assets, being depreciated, net.....	<u>118,591,130</u>	<u>614,266</u>	<u>(161,538)</u>	<u>119,043,858</u>
Business-type activities capital assets, net.....	<u>\$135,170,468</u>	<u>\$ 22,330,344</u>	<u>\$ (6,963,273)</u>	<u>\$150,537,539</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, 2019.

<u>Project Description</u>	<u>Project Budget</u>	<u>Cumulative Amount Spent</u>
Governmental activities:		
East International Speedway Boulevard streetscape.....\$	1,352,553	\$ 768,522
Ballough Road Redevelopment area streetscape/beautification.....	1,315,997	471,988
Halifax River Greenway Trail.....	2,829,124	1,160,356
Streets and sidewalks improvement program.....	1,063,919	572,478
First Step Shelter.....	6,326,090	4,961,542
Park renovations/improvements.....	1,272,477	175,424
Halifax Harbor marina seawall replacement	580,000	279,521
Beach Street streetscape improvements.....	670,547	159,237
Fire Station #6 generator replacement.....	65,000	35,200
Golf Course greens renovation.....	418,617	353,483
Peninsula Club renovations	489,246	3,730
Citywide Video Surveillance	168,837	45,005
City Website Redesign	3,473	3,473
Total construction in progress – governmental activities.....	<u>\$ 16,555,880</u>	<u>\$ 8,989,959</u>
Business-type activities:		
Wastewater treatment plant facilities improvements	43,434,344	22,881,607
Bethune Point treatment plant generator	1,206,149	97,784
Well 44 reconstruction	68,191	54,814
Lift Station 97 replacement.....	812,861	6,695
Water plant discharge header pipe replacement.....	1,882,355	113,008
Derbyshire neighborhood sidewalks and stormwater improvements	138,000	125,162
Renewal and replacement program.....	7,837,246	23,732
Martin Luther King Boulevard reconstruction.....	883,039	9,982
Beach Street water and stormwater improvements.....	1,025,729	125,459
Potable water tank and pump station.....	500,000	114,419
Total construction in progress – business-type activities	<u>\$ 57,787,914</u>	<u>\$ 23,552,662</u>

NOTE 9 - CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense:

Depreciation expense was charged to individual functions and programs for the fiscal year ended September 30, 2019 as follows:

<u>Function/Program:</u>	<u>Depreciation Expense</u>
Governmental activities:	
General government.....	\$ 5,321,032
Public safety.....	2,008,897
Transportation.....	539,119
Subtotal	7,869,048
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets.....	213,458
Total depreciation expense – governmental activities	<u>\$ 8,082,506</u>
Business-type activities:	
Water and sewer system.....	\$ 7,720,617
Solid waste management.....	15,038
Stormwater improvement.....	1,117,275
Halifax Harbor.....	286,164
Municipal Golf Course.....	143,352
Florida Tennis Center.....	54,178
Total depreciation expense – business-type activities	<u>\$ 9,336,624</u>

NOTE 10 – LEASES PAYABLE

A. Operating Leases:

Cancelable operating leases are utilized by the City for various purposes including equipment. For fiscal year 2018-19, lease expenditures for governmental and business-type activities totaled \$496,985.

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 – Prison Transports

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.

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THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

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				
	Pumper Trucks	Aerial Apparatus	Pumper & Rescue Unit	E-One Pumper	Total
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.....	86,585	91,846	84,564	50,887	313,882
2025-2029.....	-	183,692	-	203,548	387,240
Total minimum lease payments.....	\$ 432,925	\$ 642,922	\$ 422,820	\$ 457,983	\$ 1,956,650
Less: amount representing interest..	(25,293)	(41,580)	(23,768)	(48,515)	(139,156)
NPV of minimum lease payments ...	<u>\$ 407,632</u>	<u>\$ 601,342</u>	<u>\$ 399,052</u>	<u>\$ 409,468</u>	<u>\$ 1,817,494</u>

Fiscal Year Ending September 30,	Police	
	Prison Transports	Total
2020.....	\$ 44,121	\$ 44,121
2021.....	44,121	44,121
2022.....	44,121	44,121
2023.....	-	-
2024.....	-	-
2025-2029.....	-	-
Total minimum lease payments.....	\$ 132,363	\$ 132,363
Less: amount representing interest.....	(4,376)	(4,376)
NPV of minimum lease payments	<u>\$ 127,987</u>	<u>\$ 127,987</u>

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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.

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, 2019 was \$22,935,000.

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, 2019 for governmental activities and business-type activities was \$90,168 and \$89,832 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, 2019 was \$12,045,000.

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)

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 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, 2019 was \$32,420,000.

Following is a description of bonds payable at September 30, 2019:

Description	Original Amount Issued	Principal Outstanding at September 30, 2019	Interest Rate	Final Maturity
Governmental activities:				
Capital Improvement Revenue Bonds:				
Series 2011 A	\$ 33,460,000	\$ 22,935,000	2% - 5%	2031
Series 2011 B	1,139,710	90,168	2% - 5%	2021
Total Capital Improvement Revenue Bonds	34,599,710	23,025,168		
General Obligation Refunding Bonds,				
Series 2012	18,810,000	12,045,000	2% - 3.375%	2029
Total - governmental activities	<u>\$ 53,409,710</u>	<u>\$ 35,070,168</u>		
Business-type activities:				
Capital Improvement Revenue Bonds:				
Series 2011 B	\$ 1,020,290	\$ 89,832	2% - 5%	2021
Utility System Refunding revenue Bonds,				
Series 2012	54,450,000	32,420,000	0.5% - 5%	2033
Total - business-type activities	<u>\$ 55,470,290</u>	<u>\$ 32,509,832</u>		

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

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 Ending	Governmental activities				Business-type activities		
	Series A		Series B		Series B		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
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	1,765,000	735,003	-	-	-	-	2,500,003
2025-2029	10,065,000	2,370,938	-	-	-	-	12,435,938
2030-2031	4,730,000	227,288	-	-	-	-	4,957,288
	22,935,000	6,967,954	90,168	3,325	89,832	3,312	30,089,591
Unamortized Premium	82,819	-	889	-	798	-	84,506
Total	\$ 23,017,819	\$ 6,967,954	\$ 91,057	\$ 3,325	\$ 90,630	\$ 3,312	\$ 30,174,097

General Obligation Refunding Bonds, Series 2012			
Governmental activities			
Fiscal Year Ending	Principal	Interest	Total
2020	\$ 1,050,000	\$ 368,963	\$ 1,418,963
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	1,175,000	248,063	1,423,063
2025-2029	<u>6,490,000</u>	<u>660,426</u>	<u>7,150,426</u>
	12,045,000	2,223,541	14,268,541
Unamortized Premium	137,518	-	137,518
Total	<u>\$ 12,182,518</u>	<u>\$ 2,223,541</u>	<u>\$ 14,406,059</u>

Utility System Refunding and Improvement Revenue Bonds, Series 2012			
Business-type activities			
Fiscal Year Ending	Principal	Interest	Total
2020	\$ 2,525,000	\$ 1,494,775	\$ 4,019,775
2021	2,695,000	1,365,275	4,060,275
2022	2,865,000	1,225,275	4,090,275
2023	3,055,000	1,077,275	4,132,275
2024	745,000	986,000	1,731,000
2025-2029	<u>10,350,000</u>	<u>3,896,625</u>	<u>14,246,625</u>
2030-2033	<u>10,185,000</u>	<u>1,049,625</u>	<u>11,234,625</u>
	32,420,000	11,094,850	43,514,850
Unamortized Premium	3,163,983	-	3,163,983
Total	<u>\$ 35,583,983</u>	<u>\$ 11,094,850</u>	<u>\$ 46,678,833</u>

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

B. Notes and Loans Payable:

1. 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, 2019 was \$1,449,000.

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 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, 2019 was \$13,554,000.

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

B. Notes and Loans Payable (continued):

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

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, 2019 was \$6,082,000.

2. 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 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, 2019 was \$4,550,128.

3. 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 accrued 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, 2019 was \$6,295,000.

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

B. Notes and Loans Payable (continued):

4. 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, 2019 was \$1,050,385.

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, 2019 was \$682,872, 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 fiscal year 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.

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, 2019 was \$17,705,751, 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 fiscal year 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

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

B. Notes and Loans Payable (continued):

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

b. Water and Sewer System Fund (continued)

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, 2019 was \$2,658,762 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 fiscal year 2016-17 and fiscal year 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 0.00% percent. During FY 2018-19 the loan was amended with an additional award of \$12,475,190 at an interest rate of 0.00% percent. Of the total amount awarded for disbursements totaling \$43,594,885, the City has drawn down \$22,228,108 to be paid beginning August 15, 2021 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, 2019 was \$22,292,857, which includes capitalized interest of \$64,749.

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, 2019 was \$3,381,138, and no capitalized interest has been incurred.

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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 through direct borrowings are as follows:

Notes and Loans Payable							
Fiscal Year	Governmental Activities		Business-Type Activities				
	Bank Notes		Bank Notes		State Revolving Fund Loan		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
Ending							
2020	\$ 819,741	\$ 171,676	\$ 2,735,000	\$ 801,073	\$ 1,463,712	\$ 499,380	\$ 6,490,582
2021	847,661	146,572	2,904,000	702,830	2,047,254	481,223	7,129,540
2022	876,404	120,618	2,968,000	600,518	2,632,506	461,357	7,659,403
2023	906,997	93,770	3,029,000	496,049	2,507,301	426,349	7,459,466
2024	938,471	65,985	3,325,000	386,608	2,374,953	398,483	7,489,500
2025-2029	1,609,854	83,418	8,705,000	818,747	12,273,800	1,593,381	25,084,200
2030-2034	-	-	2,265,000	84,363	12,996,088	871,094	16,216,545
2035-2039	-	-	-	-	9,803,525	150,423	9,953,948
2040-2041	-	-	-	-	1,672,626	1,902	1,674,528
Total	\$ 5,999,128	\$ 682,039	\$ 25,931,000	\$ 3,890,188	\$ 47,771,765	\$ 4,883,592	\$ 89,157,712

C. Pledged Revenues:

Information on pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Debt Issue	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest	Current Percentage of Revenue
Impact Fees, Tax Increment and 5-Cent Gas Tax	Note Series 2010	\$ 4,961,373	\$ 2,467,914	\$ 815,149	33%
Tax Increment	Bond Series 2011 A	29,902,954	3,937,022	2,512,931	64%
	Note Series 2017	1,719,794	794,578	172,401	22%
		<u>31,622,748</u>	<u>4,731,600</u>	<u>2,685,332</u>	57%
Non Ad-Valorem	Bond Series 2011 B	186,637	17,352,350	103,069	1%
Utility System Operating Revenues	Bond Series 2012	43,514,850		4,067,100	
	Note Series 2016	7,577,005		285,184	
	Note Series 2017	15,025,135		2,464,327	
	State Revolving Fund Loans	50,750,501		1,582,983	
		<u>116,867,491</u>	<u>23,377,003</u>	<u>8,399,594</u>	36%
Marina Operating Revenues	Note Series 2017	7,219,048	1,081,706	725,171	67%
Stormwater Operating Revenues	State Revolving Fund Loans	1,904,856	7,669,938	369,430	5%
Totals		<u>\$162,762,153</u>	<u>\$ 56,680,511</u>	<u>\$ 13,097,745</u>	

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

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

D. 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, 2019:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities (Includes internal service funds):					
Bonds, loans and notes:					
Revenue bonds payable (net).....	\$ 24,629,459	\$ -	\$ (1,520,583)	\$ 23,108,876	\$ 1,555,084
General obligation bonds	13,226,270	-	(1,043,752)	12,182,518	1,050,000
Total bonds payable (net).....	37,855,729	-	(2,564,335)	35,291,394	2,605,084
Direct borrowings:					
Notes	6,790,744	-	(791,616)	5,999,128	819,741
Leases	2,309,013	-	(363,532)	1,945,481	320,046
Total bonds, loans and notes	46,955,486	-	(3,719,483)	43,236,003	3,744,871
Net pension liability	82,868,558	7,655,637	-	90,524,195	-
Insurance claims payable	9,740,000	3,240,663	(3,260,663)	9,720,000	2,207,000
Other liabilities:					
Compensated absences.....	6,284,574	3,828,204	(3,712,719)	6,400,059	2,199,697
Other post-employment benefits....	4,192,256	432,961	(367,417)	4,257,800	-
Total other liabilities	10,476,830	4,261,165	(4,080,136)	10,657,859	2,199,697
Total - governmental activities	\$ 150,040,874	\$ 15,157,465	\$ (11,060,282)	\$ 154,138,057	\$ 8,151,568
Business-type activities					
Bonds, loans and notes:					
Revenue bonds payable (net).....	\$ 38,620,219	\$ -	\$ (2,945,606)	\$ 35,674,613	\$ 2,569,917
Direct borrowings:					
Notes	28,512,000	-	(2,581,000)	25,931,000	2,735,000
State Revolving Fund loans.....	28,499,863	20,295,763	(1,023,861)	47,771,765	1,463,712
Total bonds, loans and notes	95,632,082	20,295,763	(6,550,467)	109,377,378	6,768,629
Net pension liability	9,585,111	1,393,605	-	10,978,716	-
Other liabilities:					
Landfill closure and post-closure...	164,656	8,484	-	173,140	-
Pollution remediation	22,166	-	62,414	84,580	-
Compensated absences.....	1,566,929	1,004,615	(1,098,360)	1,473,184	593,362
Other post-employment benefits....	1,309,856	132,719	(112,704)	1,329,871	-
Total other liabilities	3,063,607	1,145,818	(1,148,650)	3,060,775	593,362
Total - business type activities	\$ 108,280,800	\$ 22,835,186	\$ (7,699,117)	\$ 123,416,869	\$ 7,361,991

At September 30, 2019, the following long-term liabilities for internal service funds are included as part of the above totals for governmental activities: net pension liability of \$3,870,533, insurance claims payable of \$2,207,000, compensated absences of \$570,432, and other post-employment benefits of \$335,648. 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, 2019, 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)	\$ 176,308	\$ (221,226)
Prepaid insurance costs - bonds.....	150,082	(95,001)	55,081
Deferred amount on refunding.....	<u>1,237,489</u>	<u>(710,949)</u>	<u>526,540</u>
Total governmental activities.....	<u>\$ 990,037</u>	<u>\$ (629,642)</u>	<u>\$ 360,395</u>
Business-type activities:			
Bond (premium)	\$ (6,311,785)	\$ 3,147,004	\$ (3,164,781)
Prepaid insurance costs - bonds.....	209,183	(125,524)	83,659
Deferred amount on refunding.....	<u>2,458,687</u>	<u>(1,229,322)</u>	<u>1,229,365</u>
Total business-type activities.....	<u>\$ (3,643,915)</u>	<u>\$ 1,792,158</u>	<u>\$ (1,851,757)</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, 2019, the amount of these liabilities discounted at 2.5 percent was \$9,720,000; the current portion of this amount was \$2,207,000.

Changes in the reported claims liability since October 1, 2017, were as follows:

Fiscal Year Ending	Balance at October 1,	Current Year Claims and Changes in Estimates	Claims Paid	Balance at September 30,
2019	\$ 9,740,000	\$ 3,240,663	\$ (3,260,663)	\$ 9,720,000
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

NOTE 13 – RISK MANAGEMENT (CONTINUED)

At September 30, 2019, the Consolidated Insurance Fund held cash and investments of \$10,518,689 for the purpose of funding future claims liabilities. This balance would fund 100 percent of the short term portion of claims payable and 100 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 \$199,079,736 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 \$86,467,184 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.

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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 \$173,140 at September 30, 2019, 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 fiscal year 2018-19. 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, 2019, investments of \$210,283 (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 \$538,484 at September 30, 2019.

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 \$84,580, 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

A. Litigation

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, 2019.

B. Asset Retirement Obligation

The City has an estimated liability of \$19,800 in governmental activities for a 1,000 gallon double-walled fiberglass underground storage tank located at the City's Fire Station #3 facility. The City has an additional estimated liability of \$39,600 in enterprise activities for two 10,000 gallon double-walled fiberglass steel clad underground storage tanks located at the City's Halifax Harbor facility. The estimation and probable costs were provided by the City's external consultant. See Note 22 for details.

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, 2019, the City abated 2018 property taxes to seven businesses at five locations totaling \$297,588.

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-RC)	N/A	<ul style="list-style-type: none"> • ICMA-RC 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 PO 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 0.00%. 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, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019, respectively, were as follows: Regular 8.26% and 8.47%; Special Risk 24.50% and 25.48%; Senior Management Service 24.06% and 25.41%; Elected Officials 48.70% and 48.82%; DROP participants 14.03% and 14.60%.

The employer's contributions for the year ended September 30, 2019, were \$2,061,371 to the FRS and \$452,283 to the HIS. Employees contributed \$668,075 to the FRS for the year ended September 30, 2019.

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, 2019, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2019. 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	\$ 22,616,812	\$ 9,074,942
Proportionate share:		
At current measurement date	0.06567%	0.0811%
At prior measurement date	0.06387%	0.0792%
Pension expense (benefit)	\$ 5,700,546	\$ 771,670

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, 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	\$ 1,341,468	\$ (14,036)	\$ 110,225	\$ (11,112)
Changes of assumptions	5,808,971	-	1,050,790	(741,712)
Net difference between projected and actual earnings on pension plan investments	-	(1,251,280)	5,856	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	376,378	(265,960)	407,695	(35,567)
Employer contributions subsequent to the measurement date	-	-	-	-
Total	\$ 7,526,817	\$ (1,531,276)	\$ 1,574,566	\$ (788,391)

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, 2020. 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
2020	\$ 2,218,349	\$ 338,055
2021	659,509	267,300
2022	1,558,840	149,373
2023	1,199,108	(110,065)
2024	299,777	15,724
Thereafter	59,955	125,788
Total	\$ 5,995,538	\$ 786,175

Actuarial Assumptions

The total pension liability for both FRS and HIS plans measured as of June 30, 2019, was determined by an actuarial valuation dated July 1, 2019, 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	6.90%	N/A
Municipal bond index note	N/A	3.50%
Discount rate	6.90%	3.50%

Mortality assumptions for both plans were based on the PUB2010 base table with Scale MP-2018.

For both plans, the actuarial assumptions that determined the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected investment rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

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

The long-term expected rate of return assumption of 6.90 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the capital market outlook model developed during 2019 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.90 percent reported investment return assumption differs from the 7.20 percent investment return assumption chosen by the 2019 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%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90 percent. 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, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the 2019 FRS Actuarial Assumption Conference.

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 percent higher or 1.00 percent lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Employer's proportionate share of the net pension liability	\$ 39,096,936	\$ 22,616,812	\$ 8,853,120	\$ 10,359,511	\$ 9,074,942	\$ 8,005,041

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/>).

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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, 2018, the most recent actuarial valuation date:

	Plan Membership
Actives	320
Service Retirees	285
DROP Retirees	19
Beneficiaries	45
Disability Retirees	59
Terminated Vested	67
Total members	795

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 3.00% 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 90.00% of average final compensation (but not less than 2.00% 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 3.50% 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 3.00% of average final compensation for each year of credited service on or after September 19, 2012 and 3.50% of average final compensation for each year of credited service before September 19, 2012, up to a

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

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

maximum of 90.00% of average final compensation, (but not less than 2.00% of average final compensation for each year of credited service).

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 10.00% 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, 2019, total pension expense was \$13,486,911, and the City recognized as revenue, total contributions to the Plan of \$10,795,411 which consisted of the following:

	<u>Plan Contributions</u>
Employer	\$ 8,021,173
Member	1,757,336
State	983,698
Buy-Back	33,204
Total contributions	<u>\$ 10,795,411</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, PO 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, 2019, 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	25.0%
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, 2019, the annual money-weighted rate of return on pension plan investments was 4.08%.

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, 2019, 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, 2019, along with the changes from the prior year were as follows:

	Increase / (Decrease)		
	Total Pension Liability	Pension Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balance at September 30, 2018	\$ 249,653,282	\$ 184,817,431	\$ 64,835,851
Changes for the fiscal year:			
Service cost	3,380,823	-	3,380,823
Interest	18,336,818	-	18,336,818
Difference between expected and actual experience	1,291,778	-	1,291,778
Changes of benefit terms	(30,223)	-	(30,223)
Contributions – employer	-	8,021,173	(8,021,173)
Contributions – member	-	1,757,336	(1,757,336)
Contributions – State	-	983,698	(983,698)
Contributions – Buy Back	33,204	33,204	-
Net investment income	-	7,556,719	(7,556,719)
Benefit payments, including refunds of member contributions	(17,025,958)	(17,025,958)	-
Administrative expenses	-	(315,036)	315,036
Net change	5,986,442	1,011,136	4,975,306
Balance at September 30, 2019	\$ 255,639,724	\$ 185,828,567	\$ 69,811,157

Plan fiduciary net position as a percentage of the total pension liability: 72.69%

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$13,486,911.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

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

At September 30, 2019, 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	\$ 2,528,677	\$ 789,880
Changes of Assumptions	1,708,316	-
Net difference between projected and actual earnings on pension plan investments	2,968,009	-
Total	<u>\$ 7,205,002</u>	<u>\$ 789,880</u>

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)
2020	\$ 3,511,327
2021	286,904
2022	1,405,065
2023	<u>1,211,826</u>
Total	<u>\$ 6,415,122</u>

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NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

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

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, 2017
Measurement date	September 30, 2019
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%
Salary Increases	Service based
Ad-hoc cost-of-living increase	N/A
Mortality rates:	Female-RP2000 Generational, 100% Combined Healthy White Collar, Scale BB
Healthy	Male-RP2000 Generational, 10% Combined Healthy White Collar/90% Combined Healthy Blue Collar, Scale BB
Disabled	Female-60.00% RP2000 Disabled Female set forward two years/40.00% Annuitant White Collar with no setback, no projection scale.
	Male-60.00% RP2000 Disabled Male setback four years /40.00% Annuitant White Collar with no setback, no projection scale.

Experience study July 22, 2015

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, 2019 are summarized as follows:

Asset Class	Target Allocation	Expected Long-Term Rate of Return
Domestic equities	25.0%	6.20%
Fixed income	22.0%	3.65%
Real estate	10.0%	5.50%
Alternative investments	18.0%	8.00%
International equities	25.0%	7.25%
Total	100.0%	

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

NOTE 18 – RETIREMENT PLANS (CONTINUED)

B. Defined Benefit Pension Plans (continued)

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

Discount Rate: The discount rate used to measure the total pension liability was 7.50 percent. 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 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan net pension liability	\$ 98,930,954	\$ 69,811,157	\$ 45,561,070

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, 2019 totaled \$550,681. Employee contributions totaled \$68,595 during the same period.

2. ICMA-RC 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-RC). 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, 2019, there were a total of 17 employees participating in the plan with a covered payroll of \$1,187,363. Employees do not contribute into this plan. The City contributed 8.47% effective July 1, 2019 of covered employees’ gross wages for general employees. City contributions for the fiscal year ending September 30, 2019 totaled \$94,802.

NOTE 18 – RETIREMENT PLANS (CONTINUED)

D. Pension Expense Summary:

The total of the City's pension expense for the fiscal year ended September 30, 2019 is as follows:

<u>Plan Description</u>	<u>Pension Expense</u>
Defined Benefit Plans:	
FRS Pension Plan	\$ 5,700,546
Retiree Health Insurance Subsidy Program (HIS)	771,670
Police Officers' and Firefighters' Pension Plan	13,486,911
Total defined benefit pension expense	<u>19,959,127</u>
Defined Contribution Plan:	
FRS Investment Plan	550,681
ICMA Deferred Compensation Plan	94,802
Total defined contribution pension expense	<u>645,483</u>
Total Pension Expense	<u>\$ 20,604,610</u>

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.

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 3.10% 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, 2019. 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.

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

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

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

Active Members Eligible for Benefits	123
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Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2019 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.

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	3.10%

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%

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

At September 30, 2019 the City of Daytona Beach reported a Total OPEB liability of \$5,587,671. The GASB 75 information has been provided as of the year ended September 30, 2019.

<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)	\$ 5,502,113	-	\$ 5,502,113
Changes Recognized for Fiscal Year			
Service Cost:	29,453	-	29,453
Interest	174,342	-	174,342
Changes in Assumptions	361,885		361,885
Benefit Payments	(480,122)	-	(480,122)
Net Changes:	85,558	-	85,558
Balance Recognized as of End Year - September 30, 2019	<u>\$ 5,587,671</u>	<u>-</u>	<u>\$ 5,587,671</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 (3.90% September 30, 2018 to 3.10% September 30, 2019). 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.

Sensitivity of the Total OPEB Liability – The following table represents the City’s total OPEB liability calculated using the discount rate of 3.10 percent, 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 and one percentage point higher than the current rate.

	1% Decrease (2.10%)	Current Discount Rate (3.10%)	1% Increase (4.10%)
Total OPEB Liability	\$ 6,075,079	\$ 5,587,671	\$ 5,178,034

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

The following table represents the City's total OPEB liability calculated using the health care cost trend rate of 9.00 percent, 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 percent or one percentage point higher percent 10.00% than the current rate.

	1% Decrease (8.00%)	Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB Liability	\$ 5,078,798	\$ 5,587,671	\$ 6,202,211

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

For the fiscal year ended September 30, 2019, the City of Daytona Beach recognized an OPEB expense of \$233,952. 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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	331,727	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ 331,727	\$ -

Amounts reported for OPEB as deferred outflows of resources will be recognized in pension expense for the fiscal year ending September 30, as follows:

Fiscal Year	Deferred Outflow
2020	\$ 30,157
2021	30,157
2022	30,157
2023	30,157
2024	30,157
Thereafter	180,942
Total	\$ 331,727

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 18, 2019, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2021.

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 18, 2019, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2021.

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 18, 2019, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2021.

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 18, 2019, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2021.

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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, 2019:

Condensed Statement of Net Position
Florida Tennis Center
September 30, 2019

Assets:	
Current assets	\$ 51,200
Restricted assets	107,333
Capital assets (net)	166,459
Other noncurrent assets	578
Total assets	<u>325,570</u>
Deferred Outflows of Resources:	
Deferred amount on refunding	664
Deferred amount on other post-employment benefits.....	590
Deferred amount for pensions	40,994
Total deferred outflows of resources	<u>42,248</u>
Liabilities:	
Current liabilities	112,689
Noncurrent liabilities	237,451
Total liabilities	<u>350,140</u>
Deferred Inflows of Resources:	
Deferred amount for pensions	9,857
Total deferred inflows of resources	<u>9,857</u>
Net Position (Deficit):	
Net investment in capital assets	76,571
Restricted for debt covenants	106,790
Unrestricted (deficit)	(175,540)
Total net position (deficit)	<u><u>\$ 7,821</u></u>

THE CITY OF DAYTONA BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)
September 30, 2019

NOTE 21 – SEGMENT INFORMATION (CONTINUED)

Condensed Statement of Revenue, Expense, and Change in Net Position
Florida Tennis Center
Fiscal Year Ended September 30, 2019

Charges for services	\$ 454,101
Other receipts	340
Depreciation expense	(54,178)
Other operating expense	<u>(540,538)</u>
Operating income (loss)	(140,275)
Nonoperating revenue (expense):	
Income on investments	1,558
Interest expense	<u>(4,820)</u>
Income (loss) before transfers	(143,537)
Transfers in	<u>2,104,724</u>
Change in net position	1,961,187
Net position (deficit):	
Beginning	<u>(1,953,366)</u>
Ending	<u><u>\$ 7,821</u></u>

Condensed Statement of Cash Flows
Florida Tennis Center
Fiscal Year Ended September 30, 2019
Net cash provided by (used for):

Operating activities	\$ (50,827)
Noncapital financing activities	104,799
Capital and related financing activities	(52,420)
Investing activities	<u>1,558</u>
Net increase (decrease) in cash	3,110
Cash and cash equivalents:	
Beginning	<u>108,959</u>
Ending	<u><u>\$ 112,069</u></u>

NOTE 22 – ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

The Florida Department of Environmental Protection regulates underground storage tank (UST) installation, monitoring, and closure procedures. One 1,000 gallon double-walled fiberglass underground storage tank with a spill containment bucket located at the City's Fire Station #3 facility that was installed in August 1992 with an estimated service life of 40 years. Two 10,000 gallon double-walled fiberglass steel clad underground storage tanks with an estimated service life of 40 years at the City's Halifax Harbor facility that was installed in May 2005.

The City has determined the fair value of the liability for disposal of these items is immaterial at September 30, 2019 and, accordingly, has not recorded an asset retirement obligation for this matter.

NOTE 23 - ACCOUNTING CHANGES

In fiscal year 2019, the City has implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to provide for the measurement and accounting of legally enforceable liabilities associated with the retirement of tangible capital assets. Additional information related to the implementation of this standard can be found in Note 22.

The City has implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The implementation of this statement did not result in any change in the City's financial statements. GASB Statement No. 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to the financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. Additional information can be found in Note 11.

NOTE 24 – SUBSEQUENT EVENTS

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

On December 6, 2019, the City executed a loan agreement with the Florida Department of Environmental Protection for funding from the State Revolving Fund program of the project construction costs at the Westside Regional Water Reclamation Facility with an estimated cost of \$3,861,200 at a financing interest rate of zero percent with a 20-year term secured by a pledge of Water & Sewer utility revenue to be paid semi-annually. The loan has a multi-year draw down period and as of March 6, 2020 no funds have been draw down.

NOTE 24 – SUBSEQUENT EVENTS (CONTINUED)

B. Accounting Policies and Subsequent Budget

City commission adopted the fiscal year 2019-2020 budget in which four non-major enterprise funds became multiple cost centers in the General Fund starting on October 1, 2019. This policy decision will impact the accounting for the Cultural Services, Municipal Golf Course, Florida Tennis Center, and Municipal Stadium/Jackie Robinson Ballpark Funds as well as the General Fund. These non-major enterprise funds had have a deficit net position for several years and a transfer of funds to cover prior years' deficits occurred in fiscal year 2018-2019.

NOTE 25 – FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018. The City is reviewing this standard to determine the effect on the City's financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

NOTE 25 – FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The City is evaluating the requirements of the above statements and the impact on reporting.



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 SIX FISCAL YEARS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

Florida Retirement System Pension Plan

Plan Sponsor Measurement Date June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.0657%	0.0639%	0.0652%	0.0650%	0.0669%	0.0671%
Proportionate share of the net pension liability	\$ 22,617	\$ 19,239	\$ 19,280	\$ 16,413	\$ 8,639	\$ 4,092
* Covered payroll	\$ 27,296	\$ 26,370	\$ 24,762	\$ 23,934	\$ 22,672	\$ 22,270
Proportionate share of the net pension liability as a percentage of covered payroll	83%	73%	78%	69%	38%	18%
Plan fiduciary net position as a percentage of the total pension liability	83%	84%	84%	85%	92%	96%

Health Insurance Subsidy Program

Plan Sponsor Measurement Date June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.0811%	0.0792%	0.0794%	0.0771%	0.0746%	0.0749%
Proportionate share of the net pension liability	\$ 9,075	\$ 8,379	\$ 8,489	\$ 8,989	\$ 7,612	\$ 7,005
* Covered payroll	\$ 27,296	\$ 26,370	\$ 24,762	\$ 23,934	\$ 22,672	\$ 22,270
Proportionate share of the net pension liability as a percentage of covered payroll	33%	32%	34%	38%	34%	31%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	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 SIX FISCAL YEARS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

Florida Retirement System Pension Plan

	City Year Ended September 30					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,061	\$ 1,820	\$ 1,697	\$ 1,662	\$ 1,609	\$ 1,665
Contributions in relation to the contractually required contribution	<u>(2,061)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 27,271	\$ 26,319	\$ 25,673	\$ 24,608	\$ 22,845	\$ 22,264
Contributions as a percentage of covered payroll	7.56%	6.92%	6.61%	6.76%	7.04%	7.48%

Health Insurance Subsidy Program

	City Year Ended September 30					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 452	\$ 429	\$ 420	\$ 405	\$ 310	\$ 264
Contributions in relation to the contractually required contribution	<u>(452)</u>	<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>	<u>\$ -</u>
* Covered payroll	\$ 27,271	\$ 26,319	\$ 25,673	\$ 24,608	\$ 22,845	\$ 22,264
Contributions as a percentage of covered payroll	1.66%	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 SIX FISCAL YEARS
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 3,381	\$ 3,316	\$ 3,105	\$ 3,060	\$ 3,107	\$ 2,905
Interest	18,337	18,050	16,816	16,282	15,930	15,353
Changes of benefit terms	(30)	-	-	-	-	2,647
Differences between expected and actual experience	1,292	(1,580)	4,300	2,424	(208)	(83)
Changes of assumptions	-	-	6,834	-	-	-
Contributions - Buy Back	33	39	-	-	-	-
Benefit payments, including refunds of employee contributions	(17,026)	(15,054)	(14,573)	(14,783)	(13,418)	(13,236)
Net change in total pension liability	5,987	4,771	16,482	6,983	5,411	7,586
Total pension liability-beginning	249,653	244,882	228,400	221,417	216,006	208,420
Total pension liability-ending (a)	\$ 255,640	\$ 249,653	\$ 244,882	\$ 228,400	\$ 221,417	\$ 216,006
Plan fiduciary net position						
Contributions-employer	\$ 8,021	\$ 7,794	\$ 6,709	\$ 6,102	\$ 6,524	\$ 6,075
Contributions-member	1,757	1,677	1,643	1,612	1,601	1,695
Contributions-state	984	937	813	904	706	845
Contributions - Buy Back	33	39	-	-	-	-
Net investment income	7,557	13,601	15,868	11,893	(4,438)	14,975
Benefit payments, including refunds of employee contributions	(17,026)	(15,054)	(14,572)	(14,783)	(13,418)	(13,236)
Administrative expense	(315)	(382)	(213)	(229)	(224)	(277)
Other	-	1,010	(85)	47	(821)	1,074
Net change in plan fiduciary net position	1,011	9,622	10,163	5,546	(10,070)	11,151
Plan fiduciary net position-beginning	184,817	175,195	165,032	159,486	169,556	158,405
Plan fiduciary net position-ending (b)	\$ 185,828	\$ 184,817	\$ 175,195	\$ 165,032	\$ 159,486	\$ 169,556
Net pension liability-ending (a) - (b)	\$ 69,812	\$ 64,836	\$ 69,687	\$ 63,368	\$ 61,931	\$ 46,450
Plan fiduciary net position as a percentage of the total pension liability	73%	74%	72%	72%	72%	78%
* Covered payroll	\$ 16,843	\$ 16,917	\$ 16,114	\$ 15,578	\$ 15,553	\$ 15,027
City's net pension liability as a percentage of covered payroll	414%	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.

SOURCE: FOSTER & FOSTER GASB 67 & 68 Report, Schedule of Changes in Net Pension Liability and Related Ratios (p. 9)

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 8,869	\$ 8,685	\$ 7,522	\$ 7,005	\$ 7,230	\$ 8,115	\$ 8,005	\$ 7,907	\$ 8,563	\$ 7,921
Contributions in relation to the actuarially determined contribution	9,005	8,732	7,522	7,005	7,230	8,115	8,005	7,907	8,563	7,921
Contribution deficiency (excess)	<u>\$ (136)</u>	<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
* Covered payroll	\$ 16,843	\$ 16,917	\$ 16,114	\$ 15,578	\$ 15,553	\$ 15,027	\$ 15,139	\$ 15,425	\$ 16,026	\$ 17,429
Contributions as a percentage of covered payroll	53%	52%	47%	45%	46%	54%	53%	51%	53%	45%

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
Amortization method
Remaining amortization period

Entry age normal cost method.
30-year closed 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
Inflation
Investment rate of return
Salary increases

20% write-up method.
2.75%
7.50% net of pension plan investment expense, including inflation.
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

Female-RP2000 Generational, 100% Combined Healthy White Collar, Scale BB
Male-RP2000 Genrational, 10% Combined Healthy White Collar/90% Combined Healthy Blue Collar, Scale BB

Disabled

Female-60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projecton scale.

Disabled

Male-60% RP2000 Disabled Male setback four years /40% Annuitant White Collar with no setback, 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
LAST TWO FISCAL YEARS
(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.

	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability		
Service cost	\$ 29,453	\$ 26,485
Interest cost	174,342	215,674
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes in assumptions	361,885	-
Benefit payments	(480,122)	(540,288)
Net change in total OPEB liability	85,558	(298,129)
Total OPEB liability - beginning	5,502,113	5,800,242
Total OPEB liability - ending (a)	\$ 5,587,671	\$ 5,502,113
Plan fiduciary net position		
Contributions - employer	\$ 480,122	\$ 540,288
Contributions - employee	-	-
Net investment income	-	-
Benefit payments	(480,122)	(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)	\$ 5,587,671	\$ 5,502,113
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 41,723,453	\$ 41,723,453
Total OPEB liability as a percentage of covered employee payroll	13.39%	13.19%

Changes in benefit terms: None

Changes in assumptions: Discount interest rate 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, 2019.

The following are the discount rates used in each period:

10/1/2017	3.50%
10/1/2018	3.90%
10/1/2019	3.10%



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.

Public Assistance Services – This fund was established to address and reduce homelessness in coordination with community partners.

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, 2019

	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	\$ 678,559	\$ 219,688	\$ 337,788	\$ 122,487	\$ 502,464	\$ 9,923,911	\$ 934,654
Receivables(net):							
Accounts	-	-	-	-	-	171,006	-
Taxes	-	-	-	-	128,764	-	-
Intergovernmental receivable	118,573	-	-	-	-	-	-
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-	-	-
Total assets	<u>\$ 797,132</u>	<u>\$ 219,688</u>	<u>\$ 337,788</u>	<u>\$ 122,487</u>	<u>\$ 631,228</u>	<u>\$ 10,094,917</u>	<u>\$ 934,654</u>
LIABILITIES:							
Accounts payable and other liabilities	\$ 10,099	\$ 148	\$ -	\$ 13,728	\$ -	\$ 121,202	\$ -
Due to other funds	60,000	-	-	-	-	-	-
Intergovernmental payable	298	-	-	-	-	2,716	-
Deposits	1,860	-	-	-	-	-	-
Unearned revenue	15,991	174,999	-	-	-	426,007	-
Total liabilities	<u>88,248</u>	<u>175,147</u>	<u>-</u>	<u>13,728</u>	<u>-</u>	<u>549,925</u>	<u>-</u>
FUND BALANCES:							
Restricted:							
Debt covenants	-	-	-	-	-	-	-
General government	-	-	-	-	-	9,544,992	-
Public safety	-	-	337,788	108,759	-	-	-
Transportation	-	-	-	-	631,228	-	934,654
Economic environment	708,884	44,541	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>708,884</u>	<u>44,541</u>	<u>337,788</u>	<u>108,759</u>	<u>631,228</u>	<u>9,544,992</u>	<u>934,654</u>
Total liabilities and fund balances	<u>\$ 797,132</u>	<u>\$ 219,688</u>	<u>\$ 337,788</u>	<u>\$ 122,487</u>	<u>\$ 631,228</u>	<u>\$ 10,094,917</u>	<u>\$ 934,654</u>

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

(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	Public Assistance Services	Emergency Management Grants	
ASSETS:								
Equity in pooled cash, cash equivalents, and investments	\$ 2,840,445	\$ 972,889	\$ 1,107,441	\$ 4,707,404	\$ 572,302	\$ 157	\$ 6,914	\$ 22,927,103
Receivables(net):								
Accounts	-	-	-	-	-	-	-	171,006
Taxes	-	-	-	-	-	-	-	128,764
Intergovernmental receivable	-	-	-	-	806,312	-	2,150,759	3,075,644
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,840,445</u>	<u>\$ 972,889</u>	<u>\$ 1,107,441</u>	<u>\$ 4,707,404</u>	<u>\$ 1,378,614</u>	<u>\$ 157</u>	<u>\$ 2,157,673</u>	<u>\$ 26,302,517</u>
LIABILITIES:								
Accounts payable and other liabilities	\$ 8,770	\$ -	\$ -	\$ -	\$ 425,106	\$ -	\$ 21,821	\$ 600,874
Due to other funds	-	-	-	-	90,000	-	3,555,000	3,705,000
Intergovernmental payable	-	-	-	-	-	-	-	3,014
Deposits	-	-	-	-	-	-	-	1,860
Unearned revenue	-	-	-	-	1,039,941	-	-	1,656,938
Total liabilities	<u>8,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,555,047</u>	<u>-</u>	<u>3,576,821</u>	<u>5,967,686</u>
FUND BALANCES:								
Restricted:								
Debt covenants	-	-	-	-	-	-	-	-
General government	-	-	-	4,707,404	-	-	-	14,252,396
Public safety	-	972,889	1,107,441	-	-	-	-	2,526,877
Transportation	-	-	-	-	-	-	-	1,565,882
Economic environment	-	-	-	-	-	-	-	753,425
Human services	-	-	-	-	-	157	-	157
Cultural and recreation	2,831,675	-	-	-	-	-	-	2,831,675
Unassigned	-	-	-	-	(176,433)	-	(1,419,148)	(1,595,581)
Total fund balances	<u>2,831,675</u>	<u>972,889</u>	<u>1,107,441</u>	<u>4,707,404</u>	<u>(176,433)</u>	<u>157</u>	<u>(1,419,148)</u>	<u>20,334,831</u>
Total liabilities and fund balances	<u>\$ 2,840,445</u>	<u>\$ 972,889</u>	<u>\$ 1,107,441</u>	<u>\$ 4,707,404</u>	<u>\$ 1,378,614</u>	<u>\$ 157</u>	<u>\$ 2,157,673</u>	<u>\$ 26,302,517</u>

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

(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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,927,103
Receivables(net):						
Accounts	-	-	-	-	-	171,006
Taxes	-	14,386	-	-	14,386	143,150
Intergovernmental receivable	-	-	-	-	-	3,075,644
Restricted equity in pooled cash, cash equivalents, and investments	2,733,439	434,777	109,447	70,889	3,348,552	3,348,552
Total assets	<u>\$ 2,733,439</u>	<u>\$ 449,163</u>	<u>\$ 109,447</u>	<u>\$ 70,889</u>	<u>\$ 3,362,938</u>	<u>\$ 29,665,455</u>
LIABILITIES:						
Accounts payable and other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600,874
Due to other funds	-	-	-	-	-	3,705,000
Intergovernmental payable	-	-	-	-	-	3,014
Deposits	-	-	-	-	-	1,860
Unearned revenue	-	-	-	-	-	1,656,938
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,967,686</u>
FUND BALANCES:						
Restricted:						
Debt covenants	2,733,439	449,163	109,447	70,889	3,362,938	3,362,938
General government	-	-	-	-	-	14,252,396
Public safety	-	-	-	-	-	2,526,877
Transportation	-	-	-	-	-	1,565,882
Economic environment	-	-	-	-	-	753,425
Human services	-	-	-	-	-	157
Cultural and recreation	-	-	-	-	-	2,831,675
Unassigned	-	-	-	-	-	(1,595,581)
Total fund balances	<u>2,733,439</u>	<u>449,163</u>	<u>109,447</u>	<u>70,889</u>	<u>3,362,938</u>	<u>23,697,769</u>
Total liabilities and fund balances	<u>\$ 2,733,439</u>	<u>\$ 449,163</u>	<u>\$ 109,447</u>	<u>\$ 70,889</u>	<u>\$ 3,362,938</u>	<u>\$ 29,665,455</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, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ 840,741	\$ -	\$ -
Licenses and permits	-	-	-	-	-	4,446,296	-
Intergovernmental	650,628	274,326	-	17,337	-	-	-
Charge for services	-	-	-	-	-	389,940	-
Fines and forfeitures	-	-	76,456	-	-	-	-
Special assessments/impact fees	-	-	-	-	-	-	722,243
Income on investments	3,523	1,484	1,805	757	1,651	53,773	3,772
Miscellaneous	-	39,261	-	-	-	403,596	-
Total revenues	<u>654,151</u>	<u>315,071</u>	<u>78,261</u>	<u>18,094</u>	<u>842,392</u>	<u>5,293,605</u>	<u>726,015</u>
EXPENDITURES:							
Current operating:							
General government	-	-	-	-	-	3,157,332	-
Public safety	-	-	112,283	117,123	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	316,791	-	-
Economic environment	659,035	315,071	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	141,922	43,421
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>659,035</u>	<u>315,071</u>	<u>112,283</u>	<u>117,123</u>	<u>316,791</u>	<u>3,299,254</u>	<u>43,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,884)</u>	<u>-</u>	<u>(34,022)</u>	<u>(99,029)</u>	<u>525,601</u>	<u>1,994,351</u>	<u>682,594</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(341,917)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(341,917)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(4,884)</u>	<u>-</u>	<u>(34,022)</u>	<u>(99,029)</u>	<u>183,684</u>	<u>1,994,351</u>	<u>682,594</u>
FUND BALANCES:							
Beginning	<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>
Ending	<u>\$ 708,884</u>	<u>\$ 44,541</u>	<u>\$ 337,788</u>	<u>\$ 108,759</u>	<u>\$ 631,228</u>	<u>\$ 9,544,992</u>	<u>\$ 934,654</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, 2019

(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	Public Assistance Services	Emergency Management Grants	
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,741
Licenses and permits	-	-	-	-	-	-	-	4,446,296
Intergovernmental	-	-	-	-	2,539,803	-	487,083	3,969,177
Charge for services	-	-	-	-	-	-	-	389,940
Fines and forfeitures	-	-	-	-	-	-	-	76,456
Special assessments/impact fees	1,540,181	417,150	705,522	1,294,317	-	-	-	4,679,413
Income on investments	12,125	4,574	5,251	22,364	-	-	-	111,079
Miscellaneous	-	-	-	-	384,697	157	-	827,711
Total revenues	<u>1,552,306</u>	<u>421,724</u>	<u>710,773</u>	<u>1,316,681</u>	<u>2,924,500</u>	<u>157</u>	<u>487,083</u>	<u>15,340,813</u>
EXPENDITURES:								
Current operating:								
General government	-	-	-	-	-	-	-	3,157,332
Public safety	-	-	82,174	-	120,112	-	-	431,692
Physical environment	-	-	-	-	-	-	1,089,956	1,089,956
Transportation	-	-	-	1,201	255,502	-	-	573,494
Economic environment	-	-	-	-	-	-	-	974,106
Cultural and recreation	-	-	-	-	25,382	-	-	25,382
Capital outlay	55,565	93,145	957,679	-	2,634,754	-	-	3,926,486
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>55,565</u>	<u>93,145</u>	<u>1,039,853</u>	<u>1,201</u>	<u>3,035,750</u>	<u>-</u>	<u>1,089,956</u>	<u>10,178,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,496,741</u>	<u>328,579</u>	<u>(329,080)</u>	<u>1,315,480</u>	<u>(111,250)</u>	<u>157</u>	<u>(602,873)</u>	<u>5,162,365</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	2,000,000	2,000,000
Transfers (out)	(262,871)	-	-	-	-	-	-	(604,788)
Total other financing sources (uses)	<u>(262,871)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>1,395,212</u>
Net change in fund balances	1,233,870	328,579	(329,080)	1,315,480	(111,250)	157	1,397,127	6,557,577
FUND BALANCES:								
Beginning	<u>1,597,805</u>	<u>644,310</u>	<u>1,436,521</u>	<u>3,391,924</u>	<u>(65,183)</u>	<u>-</u>	<u>(2,816,275)</u>	<u>13,777,254</u>
Ending	<u>\$ 2,831,675</u>	<u>\$ 972,889</u>	<u>\$ 1,107,441</u>	<u>\$ 4,707,404</u>	<u>\$ (176,433)</u>	<u>\$ 157</u>	<u>\$ (1,419,148)</u>	<u>\$ 20,334,831</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, 2019

(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
REVENUES:						
Taxes	\$ -	\$ 1,457,514	\$ -	\$ -	\$ 1,457,514	\$ 2,298,255
Licenses and permits	-	-	-	-	-	4,446,296
Intergovernmental	-	-	-	-	-	3,969,177
Charge for services	-	-	-	-	-	389,940
Fines and forfeitures	-	-	-	-	-	76,456
Special assessments/impact fees	-	-	-	-	-	4,679,413
Income on investments	23,342	6,418	963	684	31,407	142,486
Miscellaneous	-	-	-	-	-	827,711
Total revenues	<u>23,342</u>	<u>1,463,932</u>	<u>963</u>	<u>684</u>	<u>1,488,921</u>	<u>16,829,734</u>
EXPENDITURES:						
Current operating:						
General government	-	-	-	-	-	3,157,332
Public safety	-	-	-	-	-	431,692
Physical environment	-	-	-	-	-	1,089,956
Transportation	-	-	-	-	-	573,494
Economic environment	-	-	-	-	-	974,106
Cultural and recreation	-	-	-	-	-	25,382
Capital outlay	-	-	-	-	-	3,926,486
Debt service:						
Principal	1,512,589	1,030,000	791,616	363,537	3,697,742	3,697,742
Interest and fiscal charges	1,051,973	389,893	195,934	44,601	1,682,401	1,682,401
Total expenditures	<u>2,564,562</u>	<u>1,419,893</u>	<u>987,550</u>	<u>408,138</u>	<u>5,380,143</u>	<u>15,558,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,541,220)</u>	<u>44,039</u>	<u>(986,587)</u>	<u>(407,454)</u>	<u>(3,891,222)</u>	<u>1,271,143</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	2,564,562	-	987,550	408,138	3,960,250	5,960,250
Transfers (out)	-	-	-	-	-	(604,788)
Total other financing sources (uses)	<u>2,564,562</u>	<u>-</u>	<u>987,550</u>	<u>408,138</u>	<u>3,960,250</u>	<u>5,355,462</u>
Net change in fund balances	23,342	44,039	963	684	69,028	6,626,605
FUND BALANCES:						
Beginning	2,710,097	405,124	108,484	70,205	3,293,910	17,071,164
Ending	<u>\$ 2,733,439</u>	<u>\$ 449,163</u>	<u>\$ 109,447</u>	<u>\$ 70,889</u>	<u>\$ 3,362,938</u>	<u>\$ 23,697,769</u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,034,666	\$ 2,008,562	\$ 650,628	\$ (1,357,934)
Income on investments	-	1,097	3,523	2,426
Total revenues	<u>1,034,666</u>	<u>2,009,659</u>	<u>654,151</u>	<u>(1,355,508)</u>
EXPENDITURES:				
Current operating:				
Economic environment	<u>1,034,666</u>	<u>2,430,612</u>	<u>659,035</u>	<u>1,771,577</u>
Total expenditures	<u>1,034,666</u>	<u>2,430,612</u>	<u>659,035</u>	<u>1,771,577</u>
Net change in fund balance	-	(420,953)	(4,884)	416,069
FUND BALANCE:				
Beginning	<u>713,768</u>	<u>713,768</u>	<u>713,768</u>	-
Ending	<u>\$ 713,768</u>	<u>\$ 292,815</u>	<u>\$ 708,884</u>	<u>\$ 416,069</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 98,102	\$ 482,288	\$ 274,326	\$ (207,962)
Income on investments	-	1,484	1,484	-
Miscellaneous	-	39,261	39,261	-
Total revenues	<u>98,102</u>	<u>523,033</u>	<u>315,071</u>	<u>(207,962)</u>
EXPENDITURES:				
Current operating:				
Economic environment	<u>98,102</u>	<u>523,033</u>	<u>315,071</u>	<u>207,962</u>
Total expenditures	<u>98,102</u>	<u>523,033</u>	<u>315,071</u>	<u>207,962</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ -	\$ 70,135	\$ 76,456	\$ 6,321
Income on investments	-	-	1,805	1,805
Total revenues	-	70,135	78,261	8,126
EXPENDITURES:				
Current operating:				
Public safety	75,000	148,559	112,283	36,276
Capital outlay	-	240,726	-	240,726
Total expenditures	75,000	389,285	112,283	277,002
Net change in fund balance	(75,000)	(319,150)	(34,022)	285,128
FUND BALANCE:				
Beginning	371,810	371,810	371,810	-
Ending	\$ 296,810	\$ 52,660	\$ 337,788	\$ 285,128

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 631	\$ 17,337	\$ 16,706
Income on investments	-	-	757	757
Total revenues	-	631	18,094	17,463
EXPENDITURES:				
Current operating:				
Public safety	-	169,602	117,123	52,479
Capital outlay	-	24,299	-	24,299
Total expenditures	-	193,901	117,123	76,778
Net change in fund balance	-	(193,270)	(99,029)	94,241
FUND BALANCE:				
Beginning	207,788	207,788	207,788	-
Ending	<u>\$ 207,788</u>	<u>\$ 14,518</u>	<u>\$ 108,759</u>	<u>\$ 94,241</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 809,007	\$ 809,007	\$ 840,741	\$ 31,734
Income on investments	-	-	1,651	1,651
Total revenues	<u>809,007</u>	<u>809,007</u>	<u>842,392</u>	<u>33,385</u>
EXPENDITURES:				
Current operating:				
Transportation	15,000	331,526	316,791	14,735
Capital outlay	<u>250,300</u>	<u>517,323</u>	-	<u>517,323</u>
Total expenditures	<u>265,300</u>	<u>848,849</u>	<u>316,791</u>	<u>532,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>543,707</u>	<u>(39,842)</u>	<u>525,601</u>	<u>565,443</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	<u>(341,780)</u>	<u>(341,917)</u>	<u>(341,917)</u>	-
Total other financing sources (uses)	<u>(341,780)</u>	<u>(341,917)</u>	<u>(341,917)</u>	-
Net change in fund balance	201,927	(381,759)	183,684	565,443
FUND BALANCE:				
Beginning	447,544	447,544	447,544	-
Ending	<u>\$ 649,471</u>	<u>\$ 65,785</u>	<u>\$ 631,228</u>	<u>\$ 565,443</u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ 3,487,529	\$ 3,487,529	\$ 4,446,296	\$ 958,767
Income on investments	72,002	72,002	53,773	(18,229)
Charge for services	321,912	321,912	389,940	68,028
Miscellaneous	-	51,812	403,596	351,784
Total revenues	<u>3,881,443</u>	<u>3,933,255</u>	<u>5,293,605</u>	<u>1,360,350</u>
EXPENDITURES:				
Current operating:				
General government	2,869,083	3,306,859	3,157,332	149,527
Capital outlay	-	861,365	141,922	719,443
Total expenditures	<u>2,869,083</u>	<u>4,168,224</u>	<u>3,299,254</u>	<u>868,970</u>
Net change in fund balance	1,012,360	(234,969)	1,994,351	2,229,320
FUND BALANCE:				
Beginning	7,550,641	7,550,641	7,550,641	-
Ending	<u>\$ 8,563,001</u>	<u>\$ 7,315,672</u>	<u>\$ 9,544,992</u>	<u>\$ 2,229,320</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 621,493	\$ 722,243	\$ 100,750
Income on investments	-	-	3,772	3,772
Total revenues	-	621,493	726,015	104,522
EXPENDITURES:				
Capital outlay	-	183,279	43,421	139,858
Total expenditures	-	183,279	43,421	139,858
Net change in fund balance	-	438,214	682,594	244,380
FUND BALANCE:				
Beginning	252,060	252,060	252,060	-
Ending	<u>\$ 252,060</u>	<u>\$ 690,274</u>	<u>\$ 934,654</u>	<u>\$ 244,380</u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 1,252,546	\$ 1,540,181	\$ 287,635
Income on investments	-	-	12,125	12,125
Total revenues	-	1,252,546	1,552,306	299,760
EXPENDITURES:				
Current operating:				
Culture and recreation	-	1,131,083	-	1,131,083
Capital outlay	-	1,196,220	55,565	1,140,655
Total expenditures	-	2,327,303	55,565	2,271,738
Excess (deficiency) of revenues over (under) expenditures	-	(1,074,757)	1,496,741	2,571,498
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(262,872)	(262,871)	(262,871)	-
Total other financing sources (uses)	(262,872)	(262,871)	(262,871)	-
Net change in fund balance	(262,872)	(1,337,628)	1,233,870	2,571,498
FUND BALANCE:				
Beginning	1,597,805	1,597,805	1,597,805	-
Ending	\$ 1,334,933	\$ 260,177	\$ 2,831,675	\$ 2,571,498

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 354,464	\$ 417,150	\$ 62,686
Income on investments	-	-	4,574	4,574
Total revenues	-	354,464	421,724	67,260
EXPENDITURES:				
Current operating:				
Capital outlay	-	998,774	93,145	905,629
Total expenditures	-	998,774	93,145	905,629
Net change in fund balance	-	(644,310)	328,579	972,889
FUND BALANCE:				
Beginning	644,310	644,310	644,310	-
Ending	\$ 644,310	\$ -	\$ 972,889	\$ 972,889

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 599,129	\$ 705,522	\$ 106,393
Income on investments		-	5,251	5,251
Total revenues	-	599,129	710,773	111,644
EXPENDITURES:				
Public Safety	-	82,174	82,174	-
Capital Outlay	-	1,625,313	957,679	667,634
Total expenditures	-	1,707,487	1,039,853	667,634
Net change in fund balance	-	(1,108,358)	(329,080)	779,278
FUND BALANCE:				
Beginning	1,436,521	1,436,521	1,436,521	-
Ending	\$ 1,436,521	\$ 328,163	\$ 1,107,441	\$ 779,278

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Special assessments/impact fees	\$ -	\$ 1,099,920	\$ 1,294,317	\$ 194,397
Income on investments	-	-	22,364	22,364
Total revenues	-	1,099,920	1,316,681	216,761
EXPENDITURES:				
Transportation	-	1,201	1,201	-
Capital outlay	-	20	-	20
Total expenditures	-	1,221	1,201	20
Net change in fund balance	-	1,098,699	1,315,480	216,781
FUND BALANCE:				
Beginning	3,391,924	3,391,924	3,391,924	-
Ending	\$ 3,391,924	\$ 4,490,623	\$ 4,707,404	\$ 216,781

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ 400,000	\$ 5,648,307	\$ 2,539,803	\$ (3,108,504)
Miscellaneous	-	553,447	384,697	(168,750)
Total revenues	<u>400,000</u>	<u>6,201,754</u>	<u>2,924,500</u>	<u>(3,277,254)</u>
EXPENDITURES:				
Public safety	-	170,492	120,112	50,380
Transportation	-	255,502	255,502	-
Cultural and recreation	-	25,382	25,382	-
Capital outlay	400,000	6,309,448	2,634,754	3,674,694
Total expenditures	<u>400,000</u>	<u>6,760,824</u>	<u>3,035,750</u>	<u>3,725,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(559,070)</u>	<u>(111,250)</u>	<u>447,820</u>
Net change in fund balance	-	(559,070)	(111,250)	447,820
FUND BALANCE:				
Beginning	(65,183)	(65,183)	(65,183)	-
Ending	<u>\$ (65,183)</u>	<u>\$ (624,253)</u>	<u>\$ (176,433)</u>	<u>\$ 447,820</u>

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 1,334,570	\$ 487,083	\$ (847,487)
Miscellaneous	-	-	-	-
Total revenues	-	1,334,570	487,083	(847,487)
EXPENDITURES:				
Physical enviroment	-	1,089,956	1,089,956	-
Capital outlay	-	394,361	-	394,361
Total expenditures	-	1,484,317	1,089,956	394,361
Excess (deficiency) of revenues over (under) expenditures	-	(149,747)	(602,873)	(453,126)
OTHER FINANCING SOURCES (USES):				
Transfers (in)	-	2,000,000	2,000,000	-
Total other financing sources (uses)	-	2,000,000	2,000,000	-
Net change in fund balance	-	1,850,253	1,397,127	(453,126)
FUND BALANCE:				
Beginning	(2,816,275)	(2,816,275)	(2,816,275)	-
Ending	<u>\$ (2,816,275)</u>	<u>\$ (966,022)</u>	<u>\$ (1,419,148)</u>	<u>\$ (453,126)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Income on investments	\$ -	\$ -	\$ 23,342	\$ 23,342
Total revenues	<u>-</u>	<u>-</u>	<u>23,342</u>	<u>23,342</u>
EXPENDITURES:				
Debt service:				
Principal	1,512,589	1,512,589	1,512,589	-
Interest and fiscal charges	<u>1,052,574</u>	<u>1,052,574</u>	<u>1,051,973</u>	<u>601</u>
Total expenditures	<u>2,565,163</u>	<u>2,565,163</u>	<u>2,564,562</u>	<u>601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,565,163)</u>	<u>(2,565,163)</u>	<u>(2,541,220)</u>	<u>23,943</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>2,564,562</u>	<u>2,564,562</u>	<u>2,564,562</u>	<u>-</u>
Total other financing sources (uses)	<u>2,564,562</u>	<u>2,564,562</u>	<u>2,564,562</u>	<u>-</u>
Net change in fund balance	(601)	(601)	23,342	23,943
FUND BALANCE:				
Beginning	<u>2,710,097</u>	<u>2,710,097</u>	<u>2,710,097</u>	<u>-</u>
Ending	<u>\$ 2,709,496</u>	<u>\$ 2,709,496</u>	<u>\$ 2,733,439</u>	<u>\$ 23,943</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 1,420,196	\$ 1,420,196	\$ 1,457,514	\$ 37,318
Income on investments	-	-	6,418	6,418
Total revenues	<u>1,420,196</u>	<u>1,420,196</u>	<u>1,463,932</u>	<u>43,736</u>
EXPENDITURES:				
Debt service:				
Principal	1,030,000	1,030,000	1,030,000	-
Interest and fiscal charges	<u>389,893</u>	<u>389,893</u>	<u>389,893</u>	<u>-</u>
Total expenditures	<u>1,419,893</u>	<u>1,419,893</u>	<u>1,419,893</u>	<u>-</u>
Net change in fund balance	303	303	44,039	43,736
FUND BALANCE:				
Beginning	405,124	405,124	405,124	-
Ending	<u>\$ 405,427</u>	<u>\$ 405,427</u>	<u>\$ 449,163</u>	<u>\$ 43,736</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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Income on investments	\$ -	\$ -	\$ 963	\$ 963
Total revenues	-	-	963	963
EXPENDITURES:				
Debt service:				
Principal	791,616	791,616	791,616	-
Interest and fiscal charges	195,934	195,934	195,934	-
Total expenditures	987,550	987,550	987,550	-
Excess (deficiency) of revenues over (under) expenditures	(987,550)	(987,550)	(986,587)	963
OTHER FINANCING SOURCES (USES):				
Transfers in	1,118,971	1,119,108	987,550	(131,558)
Total other financing sources (uses)	1,118,971	1,119,108	987,550	(131,558)
Net change in fund balance	131,421	131,558	963	(130,595)
FUND BALANCE:				
Beginning	108,484	108,484	108,484	-
Ending	\$ 239,905	\$ 240,042	\$ 109,447	\$ (130,595)

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, 2019

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES:				
Income on investments	-	-	684	(684)
Total revenues	-	-	684	(684)
EXPENDITURES:				
Debt service:				
Principal	363,540	363,537	363,537	-
Interest and fiscal charges	44,604	44,601	44,601	-
Total expenditures	408,144	408,138	408,138	-
Excess (deficiency) of revenues over (under) expenditures	(408,144)	(408,138)	(407,454)	(684)
OTHER FINANCING SOURCES (USES):				
Transfers in	408,144	408,138	408,138	-
Total other financing sources (uses)	408,144	408,138	408,138	-
Net change in fund balance	-	-	684	684
FUND BALANCE:				
Beginning	70,205	70,205	70,205	-
Ending	\$ 70,205	\$ 70,205	\$ 70,889	\$ 684



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, 2019

	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	\$ 1,434,738	\$ 1,685,676	\$ 76,367	\$ 4,736	\$ 91,735
Accounts receivable	-	17,475	-	155	-
Inventory	22,732	26,718	72,084	45,595	-
Prepays	15,244	19,472	4,226	714	-
Total current assets	1,472,714	1,749,341	152,677	51,200	91,735
Noncurrent assets:					
Restricted equity in pooled cash, cash equivalents, and investments	484,600	45,164	-	107,333	-
Prepaid insurance costs - bonds	-	-	-	78	-
Deposits	-	8,000	500	500	-
Capital assets:					
Non-depreciable	38,603	-	1,512,832	-	-
Depreciable (net)	4,436,679	-	252,457	166,459	-
Total noncurrent assets	4,959,882	53,164	1,765,789	274,370	-
Total assets	6,432,596	1,802,505	1,918,466	325,570	91,735
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amount on refunding	91,070	-	-	664	-
Deferred amount on other post-employment benefits	382	2,201	1,384	590	-
Deferred amount for pensions	118,655	160,221	50,675	40,994	-
Total deferred outflows of resources	210,107	162,422	52,059	42,248	-
LIABILITIES:					
Current liabilities:					
Accounts payable and other liabilities	138,310	55,244	10,779	18,945	26,523
Intergovernmental payable	10,804	10,730	3,159	1,696	-
Due to other funds	-	-	-	37,000	-
Unearned revenues	-	532,462	10,724	1,761	-
Compensated absences	7,625	12,398	10,345	7,828	-
Bonds payable	-	-	-	44,917	-
Notes payable	519,000	-	-	-	-
Payable from restricted assets:					
Accrued interest	89,351	-	-	543	-
Total current liabilities	765,090	610,834	35,007	112,690	26,523
Noncurrent liabilities:					
Deposits	27,215	41,920	500	5,000	-
Compensated absences	33,754	5,156	53,674	26,959	-
Other post-employment benefits	6,118	43,208	133,175	6,698	-
Net pension liability	311,777	512,069	183,680	153,080	-
Bonds payable	-	-	-	45,713	-
Notes payable	5,563,000	-	-	-	-
Advance from other funds	997,118	-	-	-	-
Total noncurrent liabilities	6,938,982	602,353	371,029	237,450	-
Total liabilities	7,704,072	1,213,187	406,036	350,140	26,523
DEFERRED INFLOWS OF RESOURCES:					
Deferred amount for pensions	22,807	55,352	18,019	9,857	-
Total deferred inflows of resources	22,807	55,352	18,019	9,857	-
NET POSITION (DEFICIT):					
Net investment in capital assets (deficit)	(1,515,648)	-	1,765,289	76,571	-
Restricted:					
Debt covenants	395,249	-	-	106,790	-
Capital projects	-	-	-	-	-
Donations	-	45,164	-	-	-
Unrestricted (deficit)	36,223	651,224	(218,819)	(175,540)	65,212
Total net position (deficit)	\$ (1,084,176)	\$ 696,388	\$ 1,546,470	\$ 7,821	\$ 65,212

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2019
(continued)

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
ASSETS:		
Current assets:		
Equity in pooled cash, cash equivalents, and investments	\$ 1,655,478	\$ 4,948,730
Accounts receivable	-	17,630
Inventory	-	167,129
Prepays	2,677	42,333
Total current assets	<u>1,658,155</u>	<u>5,175,822</u>
Noncurrent assets:		
Restricted equity in pooled cash, cash equivalents, and investments	-	637,097
Prepaid insurance costs - bonds	-	78
Deposits	-	9,000
Capital assets:		
Non-depreciable	-	1,551,435
Depreciable (net)	-	4,855,595
Total noncurrent assets	<u>-</u>	<u>7,053,205</u>
Total assets	<u>1,658,155</u>	<u>12,229,027</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	-	91,734
Deferred amount on other post-employment benefits	247	4,804
Deferred amount for pensions	336	370,881
Total deferred outflows of resources	<u>583</u>	<u>467,419</u>
LIABILITIES:		
Current liabilities:		
Accounts payable and other liabilities	7,028	256,829
Intergovernmental payable	2,797	29,186
Due to other funds	-	37,000
Unearned revenues	-	544,947
Compensated absences	3,310	41,506
Bonds payable	-	44,917
Notes payable	-	519,000
Payable from restricted assets:		
Accrued interest	-	89,894
Total current liabilities	<u>13,135</u>	<u>1,563,279</u>
Noncurrent liabilities:		
Deposits	-	74,635
Compensated absences	12,403	131,946
Other post-employment benefits	85	189,284
Net pension liability	8,153	1,168,759
Bonds payable	-	45,713
Notes payable	-	5,563,000
Advance from other funds	-	997,118
Total noncurrent liabilities	<u>20,641</u>	<u>8,170,455</u>
Total liabilities	<u>33,776</u>	<u>9,733,734</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount for pensions	4,221	110,256
Total deferred outflows of resources	<u>4,221</u>	<u>110,256</u>
NET POSITION (DEFICIT):		
Net investment in capital assets (deficit)	-	326,212
Restricted:		
Debt covenants	-	502,039
Capital projects	1,240,195	1,240,195
Donations	-	45,164
Unrestricted (deficit)	380,546	738,846
Total net position (deficit)	<u>\$ 1,620,741</u>	<u>\$ 2,852,456</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, 2019

	Halifax Harbor	Cultural Services	Municipal Golf Course	Florida Tennis Center	Municipal Stadium/ Jackie Robinson Ballpark
OPERATING REVENUES:					
Charges for services	\$ 3,566,904	\$ 3,531,723	\$ 1,519,859	\$ 454,101	\$ 283,869
Other receipts	6,265	90,740	985	340	-
Total operating revenues	<u>3,573,169</u>	<u>3,622,463</u>	<u>1,520,844</u>	<u>454,441</u>	<u>283,869</u>
OPERATING EXPENSES:					
Personnel services	187,658	692,712	377,804	237,572	-
Contractual services	1,693,682	2,667,535	1,316,287	149,947	175,126
Materials and supplies	610,123	182,874	149,292	153,019	622
Depreciation	286,164	-	143,352	54,178	-
Total operating expenses	<u>2,777,627</u>	<u>3,543,121</u>	<u>1,986,735</u>	<u>594,716</u>	<u>175,748</u>
Operating income (loss)	<u>795,542</u>	<u>79,342</u>	<u>(465,891)</u>	<u>(140,275)</u>	<u>108,121</u>
NONOPERATING REVENUES (EXPENSES):					
Operating grants and contributions	-	98,781	-	-	-
Income on investments	8,356	7,631	1,867	1,558	153
Interest expense	(226,836)	-	-	(4,820)	-
Total nonoperating revenues (expenses)	<u>(218,480)</u>	<u>106,412</u>	<u>1,867</u>	<u>(3,262)</u>	<u>153</u>
Income (loss) before transfers	577,062	185,754	(464,024)	(143,537)	108,274
Transfers in	-	1,967,489	4,987,040	2,104,724	8,781
Transfers out	<u>(168,544)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	408,518	2,153,243	4,523,016	1,961,187	117,055
NET POSITION (DEFICIT):					
Beginning	(1,492,694)	(1,456,855)	(2,976,546)	(1,953,366)	(51,843)
Ending	<u>\$ (1,084,176)</u>	<u>\$ 696,388</u>	<u>\$ 1,546,470</u>	<u>\$ 7,821</u>	<u>\$ 65,212</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, 2019

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
OPERATING REVENUES:		
Charges for services	\$ 979,207	\$ 10,335,663
Other receipts	2,240	100,570
Total operating revenues	<u>981,447</u>	<u>10,436,233</u>
OPERATING EXPENSES:		
Personnel services	58,467	1,554,213
Contractual services	637,259	6,639,836
Materials and supplies	15,852	1,111,782
Depreciation	-	483,694
Total operating expenses	<u>711,578</u>	<u>9,789,525</u>
Operating income (loss)	<u>269,869</u>	<u>646,708</u>
NONOPERATING REVENUES (EXPENSES):		
Operating grants and contributions	-	98,781
Income on investments	7,834	27,399
Interest expense	-	(231,656)
Total nonoperating revenues (expenses)	<u>7,834</u>	<u>(105,476)</u>
Income (loss) before transfers	277,703	541,232
Transfers in	-	9,068,034
Transfers out	<u>(124,223)</u>	<u>(292,767)</u>
Change in net position	153,480	9,316,499
NET POSITION (DEFICIT):		
Beginning	1,467,261	(6,464,043)
Ending	<u>\$ 1,620,741</u>	<u>\$ 2,852,456</u>

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Halifax Harbor	Cultural Services	Municipal Golf Course	Florida Tennis Center	Municipal Stadium/ Jackie Robinson Ballpark
CASH FLOWS FROM					
OPERATING ACTIVITIES:					
Receipts from customers	\$ 3,566,904	\$ 3,212,477	\$ 1,519,325	\$ 454,407	\$ 224,940
Other receipts	6,265	90,740	985	340	-
Payments to suppliers	(2,225,654)	(2,904,431)	(1,680,855)	(300,892)	(152,025)
Payments to employees	(181,980)	(710,902)	(345,273)	(204,682)	(36)
Net cash provided by (used for) operating activities	<u>1,165,535</u>	<u>(312,116)</u>	<u>(505,818)</u>	<u>(50,827)</u>	<u>72,879</u>
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Operating grants and contributions	-	98,781	-	-	-
Transfer from other funds	-	1,967,489	4,987,040	2,104,724	8,781
Transfer (to) other funds	(168,544)	-	-	-	-
Repayment of advances from other funds	-	(982,850)	(4,647,000)	(1,999,925)	-
Net cash provided by (used for) noncapital financing activities	<u>(168,544)</u>	<u>1,083,420</u>	<u>340,040</u>	<u>104,799</u>	<u>8,781</u>
CASH FLOWS FROM CAPITAL AND					
RELATED FINANCING ACTIVITIES:					
Principal payments on bonds	(501,001)	-	-	(47,411)	-
Interest payments on bonds	(224,168)	-	-	(5,009)	-
Net cash (used for) capital and related financing activities	<u>(725,169)</u>	<u>-</u>	<u>-</u>	<u>(52,420)</u>	<u>-</u>
CASH FLOWS FROM INVESTING					
ACTIVITIES:					
Interest received	8,356	7,631	1,867	1,558	153
Net cash provided by investing activities	<u>8,356</u>	<u>7,631</u>	<u>1,867</u>	<u>1,558</u>	<u>153</u>
Net increase (decrease) in cash and cash equivalents	280,178	778,935	(163,911)	3,110	81,813
EQUITY IN POOLED CASH,					
CASH EQUIVALENTS, AND					
INVESTMENTS:					
Beginning	1,639,160	951,905	240,278	108,959	9,922
Ending	<u>\$ 1,919,338</u>	<u>\$ 1,730,840</u>	<u>\$ 76,367</u>	<u>\$ 112,069</u>	<u>\$ 91,735</u>
Classified as:					
Unrestricted	\$ 1,434,738	\$ 1,685,676	\$ 76,367	\$ 4,736	\$ 91,735
Restricted	484,600	45,164	-	107,333	-
Total	<u>\$ 1,919,338</u>	<u>\$ 1,730,840</u>	<u>\$ 76,367</u>	<u>\$ 112,069</u>	<u>\$ 91,735</u>

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

(continued)

	Daytona Beach Pier	Total Nonmajor Enterprise Funds
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Receipts from customers	\$ 979,207	\$ 9,957,260
Other receipts	2,240	100,570
Payments to suppliers	(699,633)	(7,963,490)
Payments to employees	(43,646)	(1,486,519)
Net cash provided by (used for)		
operating activities	<u>238,168</u>	<u>607,821</u>
CASH FLOWS FROM NONCAPITAL		
FINANCING ACTIVITIES:		
Operating grants and contributions	-	98,781
Transfer from other funds	-	9,068,034
Transfer (to) other funds	(124,223)	(292,767)
Repayment of advances from other funds	-	(7,629,775)
Net cash provided by (used for)		
noncapital financing activities	<u>(124,223)</u>	<u>1,244,273</u>
CASH FLOWS FROM CAPITAL AND		
RELATED FINANCING ACTIVITIES:		
Principal payments on bonds	-	(548,412)
Interest payments on bonds	-	(229,177)
Net cash (used for) capital and		
related financing activities	<u>-</u>	<u>(777,589)</u>
CASH FLOWS FROM INVESTING		
ACTIVITIES:		
Interest received	7,834	27,399
Net cash provided by investing activities	<u>7,834</u>	<u>27,399</u>
Net increase (decrease) in cash		
and cash equivalents	121,779	1,101,904
EQUITY IN POOLED CASH,		
CASH EQUIVALENTS, AND		
INVESTMENTS:		
Beginning	1,533,699	4,483,923
Ending	<u>\$ 1,655,478</u>	<u>\$ 5,585,827</u>
Classified as:		
Unrestricted	\$ 1,655,478	\$ 4,948,730
Restricted	-	637,097
Total	<u>\$ 1,655,478</u>	<u>\$ 5,585,827</u>

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	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)	\$ 795,542	\$ 79,342	\$ (465,891)	\$ (140,275)	\$ 108,121
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	286,164	-	143,352	54,178	-
(Increase) decrease in:					
Accounts receivable	-	(4,360)	-	166	-
Inventories	(552)	(26,718)	(17,096)	(5,963)	-
Prepays	(665)	18,901	(291)	26	567
Deferred outflow amount for pensions	9,071	14,417	6,567	6,212	-
Deferred outflow amount for OPEB	(382)	(2,201)	(1,384)	(590)	-
Increase (decrease) in:					
Accounts payable and other liabilities	84,033	(46,743)	3,546	(2,178)	23,179
Intergovernmental payable	(4,665)	(118)	(1,435)	189	-
Due to other funds	-	-	(200,000)	5,000	-
Unearned revenues	-	(314,885)	(534)	140	(58,929)
Deposits	-	656	-	5,000	-
Compensated absences	(33,566)	(79,385)	4,942	6,258	-
Other post-employment benefits	99	568	356	152	(59)
Net pension liability	34,971	55,588	25,320	23,951	-
Deferred inflow amount for pensions	(4,515)	(7,178)	(3,270)	(3,093)	-
Total adjustments	369,993	(391,458)	(39,927)	89,448	(35,242)
Net cash provided by (used for) operating activities	\$ 1,165,535	\$ (312,116)	\$ (505,818)	\$ (50,827)	\$ 72,879

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

(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)	\$ 269,869	\$ 646,708
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	483,694
(Increase) decrease in:		
Accounts receivable	-	(4,194)
Inventories	-	(50,329)
Prepays	(7)	18,531
Deferred amount for pensions	1,071	37,338
Deferred amount for OPEB	(247)	(4,804)
Increase (decrease) in:		
Accounts payable and other liabilities	(45,955)	15,882
Intergovernmental payable	(560)	(6,589)
Due to other funds	-	(195,000)
Unearned revenues	-	(374,208)
Deposits	-	5,656
Compensated absences	10,333	(91,418)
Other post-employment benefits	64	1,180
Net pension liability	4,133	143,963
Deferred amount for pensions	(533)	(18,589)
Total adjustments	<u>(31,701)</u>	<u>(38,887)</u>
Net cash provided by (used for) operating activities	<u>\$ 238,168</u>	<u>\$ 607,821</u>

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, 2019

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology	Consolidated Insurance	Totals
ASSETS:						
Current assets:						
Equity in pooled cash, cash equivalents, and investments	\$ 253,067	\$ 856,316	\$ 680,183	\$ 1,779,917	\$ 10,518,689	\$ 14,088,172
Accounts receivable (net)	-	-	-	5,711	-	5,711
Inventory	131,301	-	-	-	-	131,301
Prepays	-	-	-	-	353,631	353,631
Total current assets	384,368	856,316	680,183	1,785,628	10,872,320	14,578,815
Noncurrent assets:						
Capital assets:						
Non-depreciable (net)	-	-	-	60,021	-	60,021
Depreciable (net)	10,543	-	254,731	469,784	22,900	757,958
Total noncurrent assets	10,543	-	254,731	529,805	22,900	817,979
Total assets	394,911	856,316	934,914	2,315,433	10,895,220	15,396,794
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred amount for pensions	80,321	322,493	239,418	344,813	187,513	1,174,558
Deferred amount for OPEB	1,321	3,005	6,794	7,864	3,213	22,197
Total deferred outflows of resources	81,642	325,498	246,212	352,677	190,726	1,196,755
LIABILITIES:						
Current liabilities:						
Accounts payable and other liabilities	118,761	18,461	58,273	147,481	371,641	714,617
Intergovernmental payable	374	1,068	1,440	2,135	1,284	6,301
Insurance claims payable	-	-	-	-	2,207,000	2,207,000
Compensated absences	12,273	48,767	49,185	72,961	50,337	233,523
Total current liabilities	131,408	68,296	108,898	222,577	2,630,262	3,161,441
Noncurrent liabilities:						
Insurance claims payable	-	-	-	-	7,513,000	7,513,000
Compensated absences	31,207	32,291	63,090	143,306	67,015	336,909
Other post-employment benefits	49,498	43,768	83,982	98,557	59,843	335,648
Net pension liability	252,466	1,055,781	690,004	1,191,426	680,856	3,870,533
Total noncurrent liabilities	333,171	1,131,840	837,076	1,433,289	8,320,714	12,056,090
Total liabilities	464,579	1,200,136	945,974	1,655,866	10,950,976	15,217,531
DEFERRED INFLOWS OF RESOURCES:						
Deferred amount for pensions	16,434	72,701	58,065	92,292	46,705	286,197
Total deferred inflows of resources	16,434	72,701	58,065	92,292	46,705	286,197
NET POSITION (DEFICIT):						
Net investment in capital assets	10,543	-	254,731	529,805	22,900	817,979
Restricted for capital projects	-	-	-	-	-	-
Unrestricted (deficit)	(15,003)	(91,023)	(77,644)	390,147	65,365	271,842
Total net position (deficit)	\$ (4,460)	\$ (91,023)	\$ 177,087	\$ 919,952	\$ 88,265	\$ 1,089,821

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, 2019

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology	Consolidated Insurance	Totals
OPERATING REVENUES:						
Charges for services	\$ 2,114,407	\$ 1,191,857	\$ 1,644,182	\$ 4,630,247	\$ 6,545,572	\$ 16,126,265
Other receipts	97	-	75	11,455	22,785	34,412
Total operating revenues	<u>2,114,504</u>	<u>1,191,857</u>	<u>1,644,257</u>	<u>4,641,702</u>	<u>6,568,357</u>	<u>16,160,677</u>
OPERATING EXPENSES:						
Personnel services	285,988	872,960	1,235,619	1,742,161	1,006,499	5,143,227
Contractual services	1,137,177	120,389	258,902	2,361,020	4,815,550	8,693,038
Materials and supplies	1,052,148	10,982	46,415	333,852	92,473	1,535,870
Depreciation	14,095	-	76,567	120,413	2,383	213,458
Total operating expenses	<u>2,489,408</u>	<u>1,004,331</u>	<u>1,617,503</u>	<u>4,557,446</u>	<u>5,916,905</u>	<u>15,585,593</u>
Operating income (loss)	<u>(374,904)</u>	<u>187,526</u>	<u>26,754</u>	<u>84,256</u>	<u>651,452</u>	<u>575,084</u>
NONOPERATING REVENUES (EXPENSES):						
Income on investments	2,383	3,122	4,152	7,809	52,908	70,374
Gain (loss) on disposal of capital assets	<u>1,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118</u>
Total nonoperating revenues (expenses)	<u>3,501</u>	<u>3,122</u>	<u>4,152</u>	<u>7,809</u>	<u>52,908</u>	<u>71,492</u>
Income (loss) before capital grants, contributions and transfers	(371,403)	190,648	30,906	92,065	704,360	646,576
Transfers (out)	<u>-</u>	<u>-</u>	<u>(215,846)</u>	<u>-</u>	<u>-</u>	<u>(215,846)</u>
Change in net position	(371,403)	190,648	(184,940)	92,065	704,360	430,730
NET POSITION (DEFICIT):						
Beginning	366,943	(281,671)	362,027	827,887	(616,095)	659,091
Ending	<u>\$ (4,460)</u>	<u>\$ (91,023)</u>	<u>\$ 177,087</u>	<u>\$ 919,952</u>	<u>\$ 88,265</u>	<u>\$ 1,089,821</u>

THE CITY OF DAYTONA BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology	Consolidated Insurance	Totals
CASH FLOWS FROM						
OPERATING ACTIVITIES:						
Receipts from customers	\$ 2,114,407	\$ 1,191,857	\$ 1,644,182	\$ 4,624,536	\$ 6,545,572	\$ 16,120,554
Other receipts	97	-	75	11,455	22,785	34,412
Payments to suppliers	(2,193,870)	(131,087)	(333,917)	(2,631,837)	(4,854,116)	(10,144,827)
Payments to employees	(253,800)	(764,332)	(1,129,348)	(1,598,947)	(931,258)	(4,677,685)
Net cash provided by operating activities	<u>(333,166)</u>	<u>296,438</u>	<u>180,992</u>	<u>405,207</u>	<u>782,983</u>	<u>1,332,454</u>
CASH FLOWS FROM NONCAPITAL						
FINANCING ACTIVITIES:						
Transfers (to) other funds	-	-	(215,846)	-	-	(215,846)
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(215,846)</u>	<u>-</u>	<u>-</u>	<u>(215,846)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from sale of capital assets	1,118	-	-	-	-	1,118
Acquisition and construction of capital assets	-	-	(101,437)	(209,304)	-	(310,741)
Net cash provided by (used for) capital and related financing activities	<u>1,118</u>	<u>-</u>	<u>(101,437)</u>	<u>(209,304)</u>	<u>-</u>	<u>(309,623)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	2,383	3,122	4,152	7,809	52,908	70,374
Net cash provided by investing activities	<u>2,383</u>	<u>3,122</u>	<u>4,152</u>	<u>7,809</u>	<u>52,908</u>	<u>70,374</u>
Net increase (decrease) in equity in pooled cash, cash equivalents, and investments	(329,665)	299,560	(132,139)	203,712	835,891	877,359
EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:						
Beginning	582,732	556,756	812,322	1,576,205	9,682,798	13,210,813
Ending	<u>\$ 253,067</u>	<u>\$ 856,316</u>	<u>\$ 680,183</u>	<u>\$ 1,779,917</u>	<u>\$ 10,518,689</u>	<u>\$ 14,088,172</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (374,904)	\$ 187,526	\$ 26,754	\$ 84,256	\$ 651,452	\$ 575,084
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	14,095	-	76,567	120,413	2,383	213,458
(Increase) decrease in:						
Accounts receivable	-	-	-	(5,711)	-	(5,711)
Inventory	(26,434)	-	-	-	-	(26,434)
Prepays	-	-	-	-	(19,974)	(19,974)
Deferred amount for pensions	6,092	30,737	24,916	41,422	20,731	123,898
Deferred amount for OPEB	(1,321)	(3,005)	(6,794)	(7,864)	(3,213)	(22,197)
Increase (decrease) in:						
Accounts payable and other liabilities	21,847	132	(28,854)	62,814	93,770	149,709
Intergovernmental payable	42	152	254	221	111	780
Insurance claims payable	-	-	-	-	(20,000)	(20,000)
Compensated absences	6,619	(23,083)	3,537	(31,458)	(12,709)	(57,094)
Other post-employment benefits	340	775	1,753	2,028	828	5,724
Net pension liability	23,491	118,505	95,354	159,707	79,923	476,980
Deferred amount for pensions	(3,033)	(15,301)	(12,495)	(20,621)	(10,319)	(61,769)
Total adjustments	<u>41,738</u>	<u>108,912</u>	<u>154,238</u>	<u>320,951</u>	<u>131,531</u>	<u>757,370</u>
Net cash provided by operating activities	<u>\$ (333,166)</u>	<u>\$ 296,438</u>	<u>\$ 180,992</u>	<u>\$ 405,207</u>	<u>\$ 782,983</u>	<u>\$ 1,332,454</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, 2019

	Downtown Development Authority	First Step Shelter, Inc.	Component Unit Total
ASSETS:			
Equity in pooled cash, cash equivalents, and investments	\$ 43,227	\$ 754,496	\$ 797,723
Accounts receivable (net)	59	-	59
Deposits		120,804	120,804
Prepays		5,282	5,282
Depreciable assets, net of depreciation		30,000	30,000
Total assets	<u>43,286</u>	<u>910,582</u>	<u>953,868</u>
LIABILITIES:			
Accounts payable and other liabilities	<u>3,259</u>	<u>4</u>	<u>3,263</u>
Total liabilities	<u>3,259</u>	<u>4</u>	<u>3,263</u>
NET POSITION:			
Net investment in capital assets (deficit)		30,000	30,000
Restricted:			
Human services	-	774,598	774,598
Unrestricted (deficit)	40,027	105,980	146,007
Total net position	<u>\$ 40,027</u>	<u>\$ 910,578</u>	<u>\$ 950,605</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, 2019

	Downtown Development Authority	First Step Shelter, Inc.	Total Component Unit
OPERATING REVENUES:			
Taxes	\$ 140,889	\$ -	\$ 140,889
Intergovernmental	50,855	18,187	69,042
Income on investments	381	13,783	14,164
Miscellaneous	20,046	90,664	110,710
Total operating revenues	<u>212,171</u>	<u>122,634</u>	<u>334,805</u>
OPERATING EXPENSES:			
Current operating:			
Economic environment	186,948	-	186,948
Human services	-	209,382	209,382
Total operating expenses	<u>186,948</u>	<u>209,382</u>	<u>396,330</u>
Change in net position	25,223	(86,748)	(61,525)
NET POSITION:			
Beginning	14,804	997,326	1,012,130
Ending	<u>\$ 40,027</u>	<u>\$ 910,578</u>	<u>\$ 950,605</u>

THE CITY OF DAYTONA BEACH, FLORIDA
 COMBINING SCHEDULE OF DEPOSITS AND WITHDRAWALS
 REDEVELOPMENT TRUST FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	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	\$ 515,085	\$ 2,091,848	\$ 91,393	\$ 247,438	\$ 58,320	\$ 3,004,084
Volusia County	473,080	1,921,261	83,940	227,259	53,564	2,759,104
Halifax Hospital	29,459	119,640	5,227	14,152	3,336	171,814
East Volusia Mosquito Control	15,619	63,430	2,771	7,503	1,768	91,091
Ponce DeLeon Inlet and Port Authority	7,718	31,344	1,370	3,708	874	45,014
Volusia ECHO	16,616	67,479	2,948	7,982	1,881	96,906
Volusia Forever	8,258	33,537	1,465	3,967	935	48,162
Downtown Development Authority	50,855	-	-	-	-	50,855
Licenses and permits	703	8,224	-	-	-	8,927
Income on investments	9,460	17,983	8,155	6,114	959	42,671
Miscellaneous	1	13,212	-	-	-	13,213
Total deposits	<u>1,126,854</u>	<u>4,367,958</u>	<u>197,269</u>	<u>518,123</u>	<u>121,637</u>	<u>6,331,841</u>
WITHDRAWALS:						
Current operating:						
Personnel services	128,787	192,879	14,796	94,755	297	431,514
Professional services	1,578	11,141	-	8,711	-	21,430
Contractual services	110,576	153,268	53,844	1,702	-	319,390
Materials and supplies	1,612	31	276	268	-	2,187
Grants and subsidies	79,559	34,198	-	2,790	-	116,547
Capital outlay	22,277	-	36,164	(3,756)	-	54,685
Transfers to debt service funds	172,401	2,512,931	-	210,361	-	2,895,693
Total withdrawals	<u>516,790</u>	<u>2,904,448</u>	<u>105,080</u>	<u>314,831</u>	<u>297</u>	<u>3,841,446</u>
Excess (deficiency) of deposits over (under) withdrawals	610,064	1,463,510	92,189	203,292	121,340	2,490,395
FUND BALANCE:						
Beginning	<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>
Ending	<u>\$ 1,827,817</u>	<u>\$ 3,115,119</u>	<u>\$ 1,540,669</u>	<u>\$ 1,412,035</u>	<u>\$ 201,656</u>	<u>\$ 8,097,296</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.

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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					
	2019	2018	2017	2016	2015	2014 ¹
Governmental activities:						
Net investment in capital assets.....	\$ 94,042,068	\$ 91,978,293	\$ 85,932,944	\$ 82,226,618	\$ 80,888,821	78,165,983
Restricted.....	33,982,717	33,229,359	24,875,002	21,189,958	17,201,027	14,693,531
Unrestricted (deficit).....	(76,626,642)	(88,559,437)	(83,228,150)	(76,089,200)	(83,807,193)	(86,478,268)
Total governmental activities net position.....	<u>\$ 51,398,143</u>	<u>\$ 36,648,215</u>	<u>\$ 27,579,796</u>	<u>\$ 27,327,376</u>	<u>\$ 14,282,655</u>	<u>6,381,246</u>
Business-type activities:						
Net investment in capital assets.....	\$ 38,072,559	\$ 40,503,469	\$ 33,859,945	\$ 29,678,041	\$ 29,152,976	29,434,415
Restricted.....	41,238,440	34,734,738	28,742,079	26,571,106	24,140,340	22,144,897
Unrestricted.....	33,360,202	26,839,369	22,325,643	15,249,976	7,017,927	4,582,770
Total business-type activities net position.....	<u>\$ 112,671,201</u>	<u>\$ 102,077,576</u>	<u>\$ 84,927,667</u>	<u>\$ 71,499,123</u>	<u>\$ 60,311,243</u>	<u>\$ 56,162,082</u>
Primary government:						
Net investment in capital assets.....	\$ 132,114,627	\$ 132,481,762	\$ 119,792,889	\$ 111,904,659	\$ 110,041,797	107,600,398
Restricted.....	75,221,157	67,964,097	53,617,081	47,761,064	41,341,367	36,838,428
Unrestricted (deficit).....	(43,266,440)	(61,720,068)	(60,902,507)	(60,839,224)	(76,789,266)	(81,895,498)
Total primary government net position.....	<u>\$ 164,069,344</u>	<u>\$ 138,725,791</u>	<u>\$ 112,507,463</u>	<u>\$ 98,826,499</u>	<u>\$ 74,593,898</u>	<u>\$ 62,543,328</u>

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental activities:										
General government.....	\$ 15,152,044	\$ 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
Public safety.....	56,319,605	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
Physical environment.....	1,089,956	3,383,357	6,009,372	-	-	-	-	-	-	-
Transportation.....	13,516,573	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
Economic environment.....	3,714,034	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
Human services.....	2,529	508,592	1,753,902	540,138	78,972	37,412	153,105	126,997	16,963	27,000
Cultural and recreation.....	5,364,082	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
Interest on long-term debt.....	1,725,803	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
Total governmental activities expenses.....	<u>96,884,626</u>	<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>
Business-type activities:										
Water and sewer system.....	41,629,642	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
Solid waste management.....	9,923,620	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
Storm water improvement.....	6,272,899	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
Halifax Harbor.....	3,004,463	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
Cultural services.....	3,543,121	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
Municipal Golf Course.....	1,986,735	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
Florida Tennis Center.....	599,536	596,688	546,838	580,029	585,676	575,717	575,334	647,880	667,443	640,555
Municipal Stadium/Jackie Robinson Ballpark.....	175,748	350,857	364,654	486,014	380,920	366,545	294,106	591,614	501,067	-
Daytona Beach Pier.....	711,578	741,394	666,490	467,409	527,508	425,896	281,846	354,584	73,179	252,710
Total business-type activities expenses.....	<u>67,847,342</u>	<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>
Total primary government expenses.....	<u>\$ 164,731,968</u>	<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>
Program revenues:										
Governmental activities:										
Fees, fines, and charges for services:										
General government.....	\$ 9,425,057	\$ 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
Public safety.....	3,239,244	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
Transportation.....	783,637	629,049	442,249	820,460	133,564	1,697,748	320,411	294,252	552,669	520,830
Economic environment.....	650,860	1,021,559	777,830	682,020	661,149	677,257	-	-	-	-
Human services.....	-	-	-	-	-	4,496	-	-	-	-
Cultural and recreation.....	1,946,551	1,458,389	560,834	1,190,826	596,188	983,727	629,826	759,223	875,471	945,663
Operating grants and contributions.....	3,023,525	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
Capital grants and contributions.....	1,945,826	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
Total governmental activities program revenues.....	<u>21,014,700</u>	<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>

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

TABLE 2
(continued)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Business-type activities:										
Fees, fines, and charges for services:										
Water and sewer system.....	53,770,654	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
Solid waste management.....	18,407,518	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
Storm water improvement.....	12,721,833	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
Halifax Harbor.....	3,566,904	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
Cultural services.....	3,531,723	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
Municipal Golf Course.....	1,519,859	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
Florida Tennis Center.....	454,101	399,868	435,979	479,957	460,547	474,138	482,380	343,713	319,266	286,046
Municipal Stadium/Jackie Robinson Ballpark.....	283,869	255,439	351,006	423,883	361,498	391,119	220,562	271,774	319,039	-
Daytona Beach Pier.....	979,207	986,184	804,898	969,817	944,424	930,910	872,425	157,945	-	-
Operating grants and contributions.....	98,781	65,763	72,854	151,475	435,595	166,378	667,957	281,464	18,977	63,674
Capital grants and contributions.....	7,162,086	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
Total business-type activities program revenues.....	<u>102,496,535</u>	<u>97,724,053</u>	<u>89,924,439</u>	<u>86,748,654</u>	<u>79,221,481</u>	<u>76,205,091</u>	<u>71,850,030</u>	<u>68,574,175</u>	<u>66,595,305</u>	<u>63,970,007</u>
Total primary government program revenue.....	<u>\$ 123,511,235</u>	<u>122,606,795</u>	<u>\$ 106,452,825</u>	<u>\$ 105,418,743</u>	<u>\$ 94,716,834</u>	<u>\$ 92,889,715</u>	<u>\$ 86,823,965</u>	<u>\$ 81,935,630</u>	<u>\$ 82,156,676</u>	<u>\$ 79,884,215</u>
Net (expense)/revenue:										
Governmental activities.....	\$ (75,869,926)	\$ (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)
Business-type activities.....	34,649,193	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
Total primary government net expense.....	<u>\$ (41,220,733)</u>	<u>(34,730,944)</u>	<u>\$ (46,476,875)</u>	<u>\$ (32,120,560)</u>	<u>\$ (42,281,513)</u>	<u>\$ (39,392,889)</u>	<u>\$ (42,443,427)</u>	<u>\$ (56,601,995)</u>	<u>\$ (56,456,658)</u>	<u>\$ (63,696,581)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes.....	\$ 30,359,003	\$ 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
Gas taxes.....	1,991,925	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
Public service taxes.....	11,768,805	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
Sales taxes.....	3,809,242	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
Franchise taxes.....	6,470,703	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
Tax increment taxes.....	3,212,092	3,068,042	2,974,533	2,677,785	-	-	-	-	-	-
Other taxes.....	991,258	937,925	813,175	903,455	3,489,116	3,281,154	3,031,353	3,534,736	4,012,848	5,579,834
Intergovernmental revenues not restricted										
to specific programs.....	2,787,678	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
Investment earnings.....	2,767,495	843,607	404,539	347,629	390,887	175,957	64,110	245,801	374,134	807,213
Miscellaneous.....	1,104,048	1,239,546	2,485,416	1,042,203	95,905	1,350,500	694,932	1,851,888	490,710	521,634
Transfers.....	25,357,605	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
Total governmental activities.....	<u>90,619,854</u>	<u>78,223,001</u>	<u>75,881,509</u>	<u>73,022,985</u>	<u>67,618,024</u>	<u>63,643,817</u>	<u>58,711,007</u>	<u>64,842,816</u>	<u>61,582,053</u>	<u>67,880,229</u>
Business-type activities:										
Income on investments.....	790,992	620,629	517,045	522,150	557,846	526,721	54,841	49,789	54,458	73,880
Miscellaneous.....	511,045	407,550	938,753	811,592	1,203,256	1,120,843	752,377	783,896	683,834	724,884
Transfers.....	(25,357,605)	(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)
Total business-type activities.....	<u>(24,055,568)</u>	<u>(16,644,974)</u>	<u>(15,723,670)</u>	<u>(16,669,824)</u>	<u>(13,285,941)</u>	<u>(9,143,572)</u>	<u>(10,108,275)</u>	<u>(13,887,473)</u>	<u>(9,194,890)</u>	<u>(12,646,699)</u>
Total primary government.....	<u>\$ 66,564,286</u>	<u>61,578,027</u>	<u>\$ 60,157,839</u>	<u>\$ 56,353,161</u>	<u>\$ 54,332,083</u>	<u>\$ 54,500,245</u>	<u>\$ 48,602,732</u>	<u>\$ 50,955,343</u>	<u>\$ 52,387,163</u>	<u>\$ 55,233,530</u>
Changes in net position:										
Governmental activities.....	\$ 14,749,928	\$ 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)
Business-type activities.....	10,593,625	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)
Total primary government.....	<u>\$ 25,343,553</u>	<u>26,847,083</u>	<u>\$ 13,680,964</u>	<u>\$ 24,232,601</u>	<u>\$ 12,050,570</u>	<u>\$ 15,107,356</u>	<u>\$ 6,159,305</u>	<u>\$ (5,646,652)</u>	<u>\$ (4,069,495)</u>	<u>\$ (8,463,051)</u>

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										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010 ¹
General Fund:										
Non-spendable.....	\$ 232,962	\$ 385,002	\$ 370,690	\$ 380,664	\$ 393,251	\$ 376,343	\$ 370,842	\$ 396,937	\$ 405,373	\$ 191,375
Restricted.....	267,489	258,549	331,932	333,837	367,343	322,376	254,142	242,888	231,543	682,315
Committed.....	-	-	-	-	-	-	-	139,155	27,952	-
Assigned.....	10,552,163	5,299,295	6,425,723	3,631,728	785,789	469,733	737,777	304,552	490,178	571,469
Unassigned.....	15,947,589	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>\$ 27,000,203</u>	<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.....	33,715,228	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.....	7,894,628	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.....	(1,595,581)	(2,881,458)	-	-	-	-	-	-	-	1,263,898
Total all other governmental funds...	<u>\$ 40,014,275</u>	<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
General Fund:										
Reserved.....										\$ 1,445,159
Unreserved.....										6,425,986
Total General Fund.....										<u>\$ 7,871,145</u>
All other governmental funds:										
Reserved.....										\$ 28,890,264
Unreserved, reported in:										
Special revenue funds.....										595,557
Total all other governmental funds.....										<u>\$ 29,485,821</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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes.....	\$ 46,253,839	\$ 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
Licenses and permits.....	10,969,624	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
Intergovernmental.....	14,795,706	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
Charges for services.....	4,828,974	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
Fines and forfeitures.....	501,464	519,410	566,132	608,225	694,122	2,277,592	2,081,279	2,178,799	3,476,047	870,472
Special assessments/impact fees.....	4,727,595	3,589,073	1,845,907	3,927,091	612,918	394,652	180,335	138,515	1,094,795	811,899
Income on investments.....	2,697,121	807,543	392,496	345,865	381,594	164,355	64,109	245,798	374,134	796,626
Miscellaneous.....	1,282,767	1,354,897	2,570,959	1,355,568	1,293,809	1,385,971	727,723	2,400,288	684,151	784,500
Total revenues	86,057,090	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
Expenditures:										
General government.....	9,321,023	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
Public safety.....	49,539,412	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
Physical Environment.....	1,089,956	3,383,357	6,009,372	-	-	-	-	-	-	-
Transportation.....	12,414,769	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
Economic environment.....	3,472,648	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
Human services.....	2,529	508,592	502,824	540,138	78,972	37,412	153,105	126,997	16,963	27,000
Culture and recreation.....	5,089,870	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
Capital outlay.....	9,235,728	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
Debt service:										
Principal.....	3,697,742	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
Interest and fiscal charges.....	1,682,401	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
Total expenditures.....	95,546,078	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
Excess (deficiency) of revenue over (under) expenditures.....	(9,488,988)	(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)
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
Payments to escrow agent.....	-	(1,555,899)	-	-	-	-	-	(18,560,000)	(34,612,440)	-
Proceeds from insurance recovery.....	149,486	345,460	-	-	-	-	-	-	-	-
Transfers in.....	49,805,849	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
Transfers (out).....	(24,232,398)	(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)
Total other financing sources (uses).....	25,722,937	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
Net change in fund balances.....	\$ 16,233,949	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
Debt service expenditures as a percentage of noncapital expenditures.....	6.2%	6.2%	6.2%	7.2%	7.2%	7.1%	7.5%	8.0%	6.8%	6.1%

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
2019	\$ 3,094,397,365	\$ 1,726,539,311	\$ 208,834,454	\$ 89,806,679	\$ 410,777,310	\$ 1,249,821,245	\$ 344,670,088	\$ 813,998,023	\$ 7,938,844,475	\$ 3,171,379,056	\$ 4,767,465,419	6.50900 %
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

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 2018-19 data was obtained from the 2018 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							Special Districts				Total Direct and Overlapping Rates
							Volusia County School District							Daytona Beach	Ponce DeLeon	Mosquito	Total	
							St. Johns River Water Management District	Florida Inland Navigation District	Hospital District	School District Required	School District Discretionary	School District Debt Service	Total School District	Downtown Development Authority	Inlet and Port Authority	Control District	Special Districts	
	Operating	Debt Service	Total City	Operating	Debt Service	Total County												
2019	6.20000	0.30900	6.50900	6.24640	0.40000	6.64640	0.25620	0.03200	0.35460	5.53300	0.74800	-	6.28100	1.00000	0.09290	0.18800	1.28090	21.36010
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

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 2018-19 data was obtained from the 2018 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, 2019			September 30, 2010		
		(2019 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Value	(2010 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Value
International Speedway Corporation	Sports/Entertainment	\$ 151,272,106	1	2.86%	\$ 114,318,276	1	2.16%
Florida Power & Light Company	Electric Utility	122,744,559	2	2.32%	65,629,179	3	1.24%
Ocean Walk I & II Condominium Association	Condominium	115,743,375	3	2.18%			
Daytona Beach Owner LP	Accommodations	79,268,177	4	1.50%			
Volusia Mall, LLC	Regional Shopping Centers	56,585,449	5	1.07%	50,978,474	5	0.96%
Tanger Daytona, LLC	Regional Shopping Centers	52,535,020	6	0.99%			
Tomoka Town Center Phase 1-4	Regional Shopping Centers	43,806,542	7	0.83%			
BR Sands Parc, LLC	Apartments	37,559,850	8	0.71%			
LIC Lake Forest & Jade Park, LLC	Apartments	31,085,246	9	0.59%			
DK Gateway Andros, LLC	Apartments	28,624,560	10	0.54%			
GEPA Hotel Owner DB, LLC	Accommodations	-	-	-	53,894,315	4	1.02%
Ocean Walk I Condominium Association	Condominium	-	-	-	41,575,844	6	0.79%
Ocean Walk II Condominium Association	Condominium	-	-	-	71,472,026	2	1.35%
Grand Seas Resort Partners	Accommodations	-	-	-	40,916,119	7	0.77%
Indigo Development, Inc	Accommodations	-	-	-	30,192,254	8	0.57%
Bellsouth Telecommunication, Inc	Telephone	-	-	-	28,516,343	9	0.54%
PMAT Bellair, LLC	Retail	-	-	-	18,804,176	10	0.36%
Total		\$ 719,224,884		13.59%	\$ 516,297,006		9.76%

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
2019	\$ 29,558,286	\$ 27,781,826	93.99%	\$ 769,262	\$ 28,551,088	96.59%
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%

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 2018-19 collections are from the 2018 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 Billed	Gallons of Water Known Unbilled*	Gallons of Water Unaccounted	Percent of Water Unaccounted	Gallons of Wastewater Treated	Total Direct Rate ⁽¹⁾			
							Water		Sewer	
							Base Rate	Usage Rate	Base Rate	Usage Rate
2019	4,498	3,817	191	490	10.89%	4,106	11.36	5.57	4.46	9.59
2018	4,354	3,724	108	522	11.99%	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

Source: The City of Daytona Beach Finance and Utilities Departments

* Prior to FY 2013 this figure was not tracked and therefore unavailable. Situations that are know as unbilled include hydrant flushing and water main breaks.

**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

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
¹ Water Rates:											
Base Rate (meter size):											
3/4" to 2"	\$	11.36	\$ 10.98	\$ 10.63	\$ 10.23	\$ 9.78	\$ 9.47	\$ 9.06	\$ 8.59	\$ 8.17	\$ 7.69
3"-10"		15.17	14.66	14.20	13.66	13.05	12.63	12.09	11.46	10.89	10.25
² Usage rate (per 1,000 gallons).....		5.57	5.39	5.22	5.02	4.80	4.65	4.45	4.22	4.01	3.78
¹ Sewer Rates:											
Base rate.....		4.46	4.31	4.18	4.02	3.84	3.72	3.56	3.38	3.21	3.02
² Usage rate (per 1,000 gallons).....		9.59	9.27	8.98	8.64	8.26	8.00	7.66	7.26	6.90	6.50

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, 2019			September 30, 2010		
		Amount	Percent of Total Revenue	Rank	Amount	Percent of Total Revenue	Rank
Florida Department of Corrections.....	Government	\$ 2,060,457	3.83%	1	\$ 887,955	2.52%	2
City of South Daytona.....	Bulk	1,982,565	3.69%	2	1,545,202	4.39%	1
Halifax Medical Center.....	Hospital	1,895,695	3.53%	3	836,636	2.38%	4
City of Daytona Beach.....	Government	1,591,306	2.58%	4	849,649	2.42%	3
County of Volusia.....	Government	1,389,712	2.58%	5	619,680	1.76%	7
Hilton/Daytona Beach Owner LLC.....	Hotel	1,375,555	2.56%	6			
Embry-Riddle Aeronautical University.....	Educational Institution	1,347,537	2.51%	7	597,829	1.70%	8
Florida Hospital Memorial Medical Center.....	Hospital	1,200,449	2.23%	8	742,969	2.11%	5
Daytona International Speedway.....	Sports/Entertainment	969,872	1.80%	9	658,970	1.87%	6
B Braun Medical Inc.....	Industrial	769,392	1.43%	10			
Bray & Gillespie, LLC.....	Timeshare Investments	-			580,135	1.65%	9
Ocean Walk Condominium Association	Timeshare Investments	-			477,616	1.36%	10
Total		<u>\$ 14,582,540</u>	26.74%		<u>\$ 7,796,641</u>	22.17%	

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			
2019	12,182,518	23,108,876	7,944,609	43,236,003	\$ 90,630	35,583,983	25,931,000	47,771,765	109,377,378	152,613,381	2.82 %	2,266
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

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.

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		
2019	\$ 12,182,518	\$ 449,163	\$ 11,733,355	0.25%	\$ 174
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

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.....	\$ 6,380,000	14.1290%	\$ 901,433
Other debt:			
District School Board of Volusia County, Florida:			
State school bonds.....	341,000	14.1290	48,180
Sales tax revenue bonds.....	30,745,000	14.1290	4,343,961
Certificates of participation.....	207,280,000	14.1290	29,286,591
County of Volusia, Florida:			
Revenue bonds.....	70,147,204	14.1290	9,911,098
Notes payable.....	20,437,000	14.1290	2,887,544
Total overlapping debt.....			47,378,807
City direct debt.....			43,236,003
Total direct and overlapping debt.....			<u>\$ 90,614,810</u>

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Capital revenue bonds:										
Tax increment revenues.....	\$ 4,328,539	\$ 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
Less: operating expenses.....	391,517	662,523	695,998	870,030	754,600	683,815	639,645	776,121	1,795,485	2,662,608
Net revenue available for debt service	<u>\$ 3,937,022</u>	<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>
Debt service payments:										
Principal.....	\$ 1,465,000	\$ 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
Interest.....	1,047,931	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
Total debt service payments.....	<u>\$ 2,512,931</u>	<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>
Coverage (times).....	1.57	1.38	1.36	1.12	1.11	1.13	1.02	0.94	1.30	1.03
Water and sewer bonds:										
Charges for services and other.....	\$ 53,996,763	\$ 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
Less: operating expenses.....	30,619,760	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
Net revenue available for debt service.....	<u>\$ 23,377,003</u>	<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>
Debt service payments:										
Principal.....	\$ 2,460,000	\$ 4,240,000	\$ 4,075,000	\$ 3,920,000	\$ 3,805,000	\$ 3,530,000	\$ -	\$ 3,265,000	\$ 3,145,000	\$ 3,020,000
Interest.....	1,607,100	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
Total debt service payments.....	<u>\$ 4,067,100</u>	<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>
Coverage (times).....	5.75	3.81	3.70	3.77	2.64	3.21	12.33	2.84	2.65	2.38

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
2019	67,351	\$ 2,897,978,828	\$ 43,028	\$ 51,364	\$ 59,100	3.2 %
2018	66,267	2,725,694,244	41,132	47,351	55,100	3.5
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

Sources: ¹ U.S. Department of Commerce, Bureau of Census for 2010. Bureau of Economic and Business Research, University of Florida, for 2018 & 2019. All ot 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 FL Research & Economic Info 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, 2019				September 30, 2010			
	Total Employees	Rank	Percent to Total City Employment		Total Employees	Rank	Percent to Total City Employment	
⁽¹⁾ Volusia County School District.....	7,623	1	23.82	%	8,273	1	25.26	%
⁽¹⁾ Halifax Health.....	4,050	2	12.66		4,232	2	12.92	
⁽¹⁾ Volusia County, Florida.....	3,408	3	10.65		3,100	3	9.47	
Advent Health Daytona Beach.....	2,288	4	7.15					
Embry-Riddle Aeronautical University.....	2,003	5	6.26		1,198	4	3.66	
⁽¹⁾ Daytona State College.....	1,250	6	3.91		982	5	3.00	
⁽¹⁾ The City of Daytona Beach, Florida.....	921	7	2.88		878	7	2.68	
Bethune Cookman University.....	843	8	2.63		539	8	1.65	
⁽¹⁾ Florida Hospital Healthcare Partner.....	697	9	2.18					
SMA Healthcare	677	10	2.12					
International Speedway Corporation.....					900	6	2.75	
Daytona Beach News Journal.....					530	9	1.62	
Plaza Resort & Spa.....					450	10	1.37	
Total.....	<u>23,760</u>		<u>74.26</u>		<u>21,082</u>		<u>64.37</u>	
⁽²⁾ Estimated civilian labor force.....	<u>31,998</u>				<u>32,752</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 2019 estimate: US Bureau of Labor Statistics.
Source for 2010 estimate: 2010 CAFR

THE CITY OF DAYTONA BEACH, FLORIDA

TABLE 19

FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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.....	16.8	15.0	13.0	14.5	13.5	13.0	8.0	8.0	9.0	8.0
Legal.....	10.0	10.0	10.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0
Human resources.....	8.0	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	8.0	9.5	8.5
Development services.....	41.0	36.0	33.0	34.0	32.0	33.0	30.0	25.0	28.0	30.0
City clerk.....	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Information technology.....	19.3	18.3	18.3	17.3	16.8	15.5	14.0	14.0	15.0	15.0
Finance.....	37.8	36.8	36.8	35.8	34.8	35.0	29.0	28.0	26.0	25.0
Police:										
Chief of Police.....	15.0	12.0	11.0	11.0	10.0	10.0	10.0	9.0	9.0	9.0
Operations.....	207.0	185.0	186.0	187.0	188.0	190.5	184.5	181.5	181.5	189.5
Support bureau.....	94.0	89.0	88.0	89.0	85.5	81.0	86.0	77.0	79.0	79.0
COPS Grant.....	-	10.0	10.0	10.0	10.0	-	-	-	-	-
Fire:										
Administration.....	12.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0
Operations.....	101.0	99.0	100.0	100.0	97.0	97.0	97.0	97.0	100.0	109.0
Public works:										
Administration.....	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Engineering.....	26.5	24.5	23.5	19.8	16.8	18.0	18.0	18.0	18.0	18.0
Maintenance and other.....	90.5	91.5	89.0	89.5	89.5	84.0	84.0	85.0	86.0	86.0
Culture and recreation:										
Municipal Golf Course.....	3.0	3.0	3.0	3.0	3.0	4.2	3.2	22.0	22.0	23.0
Florida Tennis Center.....	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Halifax Harbor.....	1.0	1.0	1.8	1.0	1.0	-	-	-	-	-
Cultural & Community Events.....	5.0	5.0	13.0	13.0	12.0	-	-	-	-	-
Peabody Auditorium - Operations.....	7.0	7.0	10.0	10.0	8.0	-	-	-	-	-
Recreation.....	29.5	33.0	28.5	28.5	25.5	49.3	40.3	45.0	50.5	50.5
Solid waste services.....	2.5	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	3.0
Water and wastewater services.....	168.0	162.0	152.3	153.6	151.7	151.5	151.5	151.0	150.0	150.0
Total.....	920.5	884.1	872.0	871.0	848.1	835.5	808.0	813.0	829.0	847.0

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police:										
Physical arrests.....	9,183	8,762	8,475	7,924	8,087	8,472	8,959	10,917	10,285	10,236
Parking violations.....	539	792	636	541	510	718	1,038	1,222	2,451	2,642
Traffic violations.....	9,315	11,613	11,515	16,058	12,655	12,741	15,823	13,855	21,145	20,902
Fire:										
Emergency responses.....	18,410	21,838	22,055	21,443	21,042	19,459	18,516	19,017	18,673	18,014
Non-fire/EMS.....	15,100	17,388	18,406	16,446	16,083	15,696	13,303	15,940	15,133	13,895
Inspections by engine companies.....	685	932	1,680	2,016	1,848	2,302	2,016	1,465	1,844	1,713
Inspections by fire inspectors.....	1,015	993	987	1,012	982	803	1,286	2,129	2,911	2,861
Solid waste:										
Refuse collected (tons per day).....	211	209	223	201	171	162	159	156	147	144
Yard trash (tons per day).....	23	22	23	23	26	24	23	22	21	21
Recyclables collected (tons per day).....	5	6	5	5	5	5	5	4	5	4
Public works:										
Street construction (miles).....	-	1.2	-	0.9	-	0.7	-	-	-	-
Street resurfacing (miles).....	1.52	2.2	5.2	3.2	1.5	0.5	-	8.7	38.2	10.5
Potholes repaired.....	1,248	1,017	830	931	788	871	550	330	527	2,334
Building development:										
Residential/single family permits issued.....	519	454	408	412	400	507	562	472	521	623
Commercial/multi-family permits issued.....	262	250	336	404	271	255	311	294	295	285
Miscellaneous permits issued.....	6,577	4,881	5,774	3,644	3,037	2,853	2,526	2,304	3,104	2,320
Water:										
New connections.....	419	402	180	188	186	167	96	110	244	378
Water main breaks.....	90	291	595	264	432	285	266	176	157	397
Average daily consumption (MGD).....	12.4	11.9	12.5	11.8	12.2	12.8	12.4	11.8	11.6	11.3
Peak daily consumption (MGD).....	16.3	12.6	15.2	13.7	14.2	14.2	13.9	14.7	18.0	13.6
Sewer:										
Average daily treatment (MGD).....	11.3	13.0	11.1	11.2	11.1	11.0	10.9	10.5	9.5	9.7
Utilities system:										
Number of customers.....	27,643	27,157	26,825	24,584	24,409	24,249	23,674	22,777	23,017	23,198

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	166	170	163	153	149	149	149	123	123
Fire:										
Fire stations.....	7	7	7	7	7	7	7	7	7	7
Solid waste:										
Collection trucks.....	18	18	12	12	12	12	12	12	13	12
Public works:										
Paved streets (miles).....	305.0	305.0	302.9	302.9	302.9	302.9	301.5	301.5	301.5	301.5
Unpaved streets (miles).....	0.9	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Streetlights.....	8,373	8,367	8,324	8,324	8,303	8,282	8,282	6,445	6,445	6,445
Traffic signals.....	136	136	136	136	136	135	135	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	38	36	36	36	36	36	36	36	36
Playgrounds.....	24	24	23	24	24	24	24	24	24	24
Recreation (community) centers.....	19	19	19	19	19	19	19	18	18	18
Shuffleboard/lawn bowling courts.....	4	4	5	5	5	5	5	5	5	5
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	26	22	21	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).....	498	587	700	700	700	700	700	700	700	700
Fire hydrants.....	2,529	3,018	2,897	2,884	2,866	2,840	2,450	2,450	2,317	2,134
Production capacity (MGD).....	24	24	24	24	24	24	24	24	24	24
Sewer:										
Sanitary sewers (miles).....	402	396	615	615	615	615	615	615	615	505
Storm sewers (miles).....	124	113	203	203	203	203	189	189	189	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, 2019

TABLE 22

	Number of Participants Included
Current retirees:	
Under age 65.....	83
Over age 65.....	77
Total current retirees.....	160
Active employees:	
Active employees not yet fully eligible for benefits.....	722
Active employees fully eligible for benefits.....	123
Total active employees.....	845
Total number of participants.....	1005
Average age of active employees.....	44.0

Age and service distribution for active employees:									
Age	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	367	101	144	119	53	38	17	6	845

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, 2019

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-14-MC-12-0004	\$ 65	\$ 65
Community Development Block Grant	14.218	B-15-MC-12-0004	70,816	-
Community Development Block Grant	14.218	B-16-MC-12-0004	27,647	-
Community Development Block Grant	14.218	B-17-MC-12-0004	303,202	4,828
Community Development Block Grant	14.218	B-18-MC-12-0004	189,377	18,521
<i>Total CDBG - Entitlement Grants Cluster</i>			<u>591,107</u>	<u>23,414</u>
HOME Investment Partnerships Program	14.239	M-16-MC-12-0203	20,853	-
HOME Investment Partnerships Program	14.239	M-18-MC-12-0203	39,784	-
<i>Total HOME Investment Partnerships Program</i>			<u>60,637</u>	<u>-</u>
Total US Department of Housing and Urban Development			<u>651,744</u>	<u>23,414</u>
US Department of Justice				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	BV 2014	23,678	-
Edward Byrne Memorial Justice Assistance Grant Program:				
2016 Justice Assistance Grant Program	16.738	2016-DJ-BX-1024	2,515	-
2017 Justice Assistance Grant Program	16.738	2017-DJ-BX-0912	26,800	-
Equitable Sharing Program	16.922	n/a	117,122	-
			<u>170,115</u>	<u>-</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-2018-City of Daytona Beach Pol- 00543	37,607	-
Total US Department of Justice			<u>207,722</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	63,268	-
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	17-PA-00-06-74-01-110	423,815	-
Hazard Mitigation Program	97.039	H00032-4283-21-R	100,394	-
Total US Department of Homeland Security			<u>587,477</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,446,943</u>	<u>\$ 23,414</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, 2019
(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:				
Bennett Swamp	37.039	LP64095	708,356	-
Wastewater Treatment Facility Construction:				
Clean Water State Revolving Loan	37.077	WW640930	20,288,509	-
Capitalization Grants for State Revolving Loan - Clean Water	37.077	SW640910	10,932	-
Total Florida Department of Environmental Protection			<u>21,007,797</u>	<u>-</u>
Florida Housing Finance Corporation				
Direct Programs:				
State Housing Initiatives Partnership Program (SHIP)	40.901		315,071	-
Total Florida Housing Finance Corporation			<u>315,071</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	1,650	-
SunTrail Phase 1 - N Beach St (Sickler to 2nd)	55.038	439871-1-54-01	100,000	-
SunTrail Phase 2 - Ballough Bridge	55.038	439870-1-34-01	1,886	-
SunTrail Phase 3 - S Beach St (Marina Pt to Orange)	55.038	439869-1-34-01	11,206	-
SunTrail Phase 4 - S Beach St (Bellevue to Marina Pt)	55.038	439868-1-34-01	10,811	-
SunTrail Phase 5 - Donnelly Pl (Shady Pl to Bellevue)	55.038	439867-1-54-01	145,372	-
SunTrail Phase 6 - S Beach St (Wilder to Shady Pl)	55.038	439866-1-54-01	117,207	-
Total Florida Department of Transportation			<u>388,132</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 21,711,000</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, 2019

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, 2019. 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 \$23,414 for the fiscal year ended September 30, 2019.

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, 2019.



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, 2019, 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 March 30, 2020. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cam Riggs & Ingram, L.L.C.

Melbourne, Florida
March 30, 2020

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, 2019. 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* 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program and state project is not modified with respect to these matters.

The City of Daytona Beach's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Daytona Beach's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 have not been identified. We did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be significant deficiencies.

The City of Daytona Beach's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Daytona Beach's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

Melbourne, Florida

March 30, 2020

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 noted

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards and State Programs

Internal control over major federal programs and state programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified? X yes ___ none noted

Type of auditors' report issued on compliance for major federal programs and state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement and/or Chapter 10.554(1)(I)(4)? X yes
none noted

Identification of major federal programs and state programs:

<u>Federal CFDA Number</u>	<u>Federal Program or Cluster</u>
14.218	CDBG Entitlement Grants Cluster - Community Development Block Grant
 <u>State CSFA Number</u>	 <u>State Program</u>
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and \$750,000 for major state programs.

Auditee qualified as a low-risk auditee for federal purposes? X yes ___ no

Section II—Financial Statement Findings

A. Internal Control Over Financial Reporting

No matters were reported.

B. Compliance and Other Matters

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

A. Compliance

See 2019-001 – *Wage Rate Compliance*.

B. Internal Control Over Compliance

2019-001 – *Wage Rate Compliance*

US Department of Housing and Urban Developments
CFDA 14.218 – Community Development Block Grant
Contract No. B-17-MC-12-0004 for fiscal year 2018

Criteria: 2 CFR part 200.303 requires non-Federal entities to establish and maintain effective internal controls over compliance. Additionally, 24 CFR section 906.37 requires the City of Daytona Beach, Florida (the “City”) ensure that contractors working on CDBG-funded projects comply with Wage Rate Requirements. The City shall include in their construction contracts a provision that the contractor will comply with Wage Rate Requirements and the City must provide the contractor with a listing of the prevailing wages to be used on the project(s). This also includes a requirement for the contractor to submit weekly certified payrolls to the City evidencing that contractor employees were paid wages not less than the local prevailing wage rate.

Condition: The City’s contracting and vendor management procedures did not ensure that all construction contracts for CDBG-funded projects included wage rate requirement language and certified payrolls were not consistently obtained for the work performed. While prevailing wage rate information was posted at the job sites, the City did not have documentation that the information was communicated to the contractor as part of the contracting process.

We noted two construction contracts for CDBG-funded projects subject to wage rate requirements:

- One contractor had a continuing contract with the City that did not include wage rate requirements and the contract was not amended when a purchase order was procured for work on the CDBG-funded project. A listing of the prevailing wages was posted at the job site and the contractor provided certified payrolls.

The City of Daytona Beach, Florida
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2019

- A second contract included wage rate compliance language but did not specify the prevailing local wages in effect for the project. While the invoices from the contractor included a statement that wages were in compliance with Federal requirements, certified payrolls were not collected contemporaneously with work performed.

Cause: Controls over purchase order issuance failed to ensure the underlying contracts met all applicable compliance requirements. Further, controls over invoice approval failed to ensure certified payrolls were submitted prior to payment of invoices.

Questioned Costs: \$25,803 – cost of labor for which certified payrolls were not obtained.

Perspective (Context): There were only two CDBG-funded construction contracts subject to wage rate requirements and there was lack of compliance with some element of these requirements for both contracts. However, in previous years we have audited other federal programs with wage rate requirements with no findings of control deficiencies or non-compliance.

Potential Effect of Condition: As a result of the control deficiency, the City of Daytona Beach was not in compliance with the provisions of 24 CFR section 906.37 requiring contracts to include wage rate requirement language or those requiring timely receipt and review of certified payroll reports submitted by contractors to determine employees are paid prevailing wages.

Recommendation: The City of Daytona Beach should review and modify, as necessary, contract and vendor management procedures to ensure:

- Construction contracts for projects funded with federal grant monies include wage rate requirement language and a schedule of the prevailing local wage to be used on the project(s).
- Certified payrolls are obtained and reviewed prior to payment of invoices for construction services on federal award funded projects.

Management's Response and Planned Corrective Action: *Management agrees and will coordinate with the Community Development Department to ensure that any future construction contracts that are funded by CDBG funds will follow the proper procedures as is already in place with other City departments in regards to federal funding of construction contracts and the required documentation needed in order to be in compliance. Management would also like to note that the certified payrolls were received after the payments were made and were found to be in compliance.*

Section IV—State Project Findings and Questioned Costs

A. Compliance

No matters were reported.

B. Internal Control Over Compliance

No matters were reported.

Section V- Prior Findings and Questioned Costs for Federal Awards and State Projects

No matters were reported.

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 (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 30, 2020.

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 and 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 March 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Finding No.	Description	Status
IC 2018-001	Segregation of Duties at Halifax Harbor Marina	Unresolved
IC 2018-002	Oversight of Halifax Harbor Marina	Unresolved
IC 2018-003	Prepaid Show Fees	Resolved
IC 2018-004	Cultural Services Inventory	Resolved

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 us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Daytona Beach, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City 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.b. 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 the City of Daytona Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we 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. Effective September 2019, the City contracted with a new management company at the Halifax Harbor Marina. A new accounting and sales system was implemented and all employees have their own login to the accounting and sales system and further segregations of duties were implemented. This issue has been resolved as of the end of the calendar year.*

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. As mentioned in response to 2018-01, the City contracted with a new management company in September 2019. The Business Enterprise Management team meets with the new management company on a weekly basis where financial, occupancy and accounts receivable reports are reviewed. This issue has been resolved as of the end of the calendar year.*

2019-002 Unexpended Balance – Building Permits

Criteria: Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Condition: The City's unexpended building permit funds at September 30, 2019 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$6,427,813.

Cause: Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts.

Effect: The City has excess unexpended balances at September 30, 2019.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal year 2019-20 budget.

Management's Response: *Management recognizes the need to reduce the fund balance restricted for building code enforcement to meet the requirements of the new statute and is currently in the planning phase to resolve this issue. A 90-day suspension of building permit fees went into effect in March, 2020.*

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we 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.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 30, 2020



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, 2019. 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, 2019.

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, LLC

Melbourne, Florida
March 30, 2020



The CITY OF DAYTONA BEACH

“THE WORLD’S MOST FAMOUS BEACH”

Office of the City Manager

CORRECTIVE ACTION PLAN

March 30, 2020

The City of Daytona Beach, Florida respectfully submits the following corrective action plan for the year ended September 30, 2019.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

Audit Period:

Fiscal Year October 1, 2018 – September 30, 2019

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding number corresponds to the number assigned in the schedule.

SA 2019-001 – *Wage Rate Compliance*

Recommendation: The City of Daytona Beach should review and modify, as necessary, contract and vendor management procedures to ensure:

- Construction contracts for projects funded with federal grant monies include wage rate requirement language and a schedule of the prevailing local wage to be used on the project(s)
- Certified payrolls are obtained and reviewed prior to payment of invoices for construction services on federal award funded projects.

Corrective Action: Management agrees and will coordinate with the Community Development Department to ensure that any future construction contracts that are funded by CDBG funds will follow the proper procedures as is already in place with other City departments in regards to federal funding of construction contracts and the required documentation needed in order to be in compliance. Management would also like to note that the certified payrolls were received after the payments were made and were found to be in compliance.