



# CITY OF NEW SMYRNA BEACH, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

OCTOBER 1, 2018 - SEPTEMBER 30, 2019

**CITY OF NEW SMYRNA BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**

Prepared by:  
The Finance Department

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**City of New Smyrna Beach, Florida**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2019**



**City Commission**

Honorable Russ Owen, Mayor

Zone 1 – Michael Kolody, Vice Mayor

Zone 2 – Jake Sachs

Zone 3 – Jason McGuirk

Zone 4 – Randy Hartman

**City Manager**

Khalid Resheidat

**City Attorney**

Carrie Avallone

**Finance Director**

Natalia Eckroth





# City of New Smyrna Beach

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June 16, 2020

Honorable Mayor Owen, and  
Members of the City Commission  
City of New Smyrna Beach, Florida

The City Charter and Florida Statutes require that all general-purpose local governments publish a complete set of financial statements presented in accordance with generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of New Smyrna Beach, Florida for the fiscal year ended September 30, 2019, as prepared by the City's Finance Department.

## **Management Representations and Internal Controls**

The City's Finance Department is responsible for the content of this financial report and management's representations of the financial activity of the City of New Smyrna Beach. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of implementing these internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief we believe that this financial report is complete and, in all respects, free from material misstatement.

## **Independent Audit**

James Moore and Co., a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the financial statements for the fiscal year ended September 30, 2019. Their report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal mandated single audit, which is designed to meet the special needs of the federal grantor agencies. The single audit was conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. There are supplementary reports and a schedule of expenditures of federal awards relative to a single audit presented in the last section of this report.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City of New Smyrna Beach's MD&A can be found immediately following the report of the independent accountants.

Honorable Mayor Owen, and  
Members of the City Commission  
City of New Smyrna Beach, Florida

### **Financial Reporting Entity**

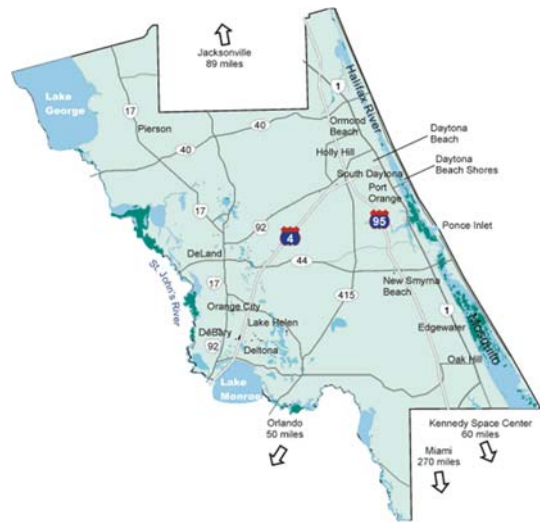
The City provides a full range of municipal services including: general government administration, law enforcement and fire protection, community redevelopment, stormwater management, sanitation and solid waste, as well as construction and maintenance of infrastructure, recreational, and other cultural facilities. The City also operates a municipal airport, golf course, and marina.

The Utilities Commission, City of New Smyrna Beach, is a legally separate entity and is reported separately as a discretely presented component unit. The financial data of the Housing Authority of New Smyrna Beach is not included in this report as it does not qualify as a component unit. Additional information about these legally separate entities is located in Notes (1)(b) and (1)(d) respectively beginning on page 38.

### **City Profile**

New Smyrna Beach is approximately 41.5 square miles in size and serves a population of approximately 27,173. It is located on Florida's east coast, in the County of Volusia, just north of Cape Canaveral with easy access to both Interstate 95 and Interstate 4 and is:

- 15 miles south of Daytona Beach
- 50 miles east of Orlando
- 50 miles north of Kennedy Space Center
- 89 miles south of Jacksonville
- 270 miles north of Miami



The City also boasts an estimated 7 miles of beachfront property and approximately 8 miles of intra-coastal waterway frontage.

The City was created in 1887 by adoption of its first charter, which was eventually replaced by the present charter through Chapter 224.08, Special Acts of Florida, 1943.

The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

### **Economic Condition and Outlook**

New Smyrna Beach prides itself on being a charming historic coastal community with a laid-back attitude. It is recognized as a thriving tourist center and artist community, with many natural preserve areas for fishing and eco-tourism. The white-sand beach area has been internationally recognized for outstanding surfing in magazines including National Geographic and Travel+Leisure, and on websites like SmarterTravel.com. There are also many opportunities to play golf, visit art galleries, and patronize shops and restaurants in two pedestrian friendly historic areas.

The major economic driver for New Smyrna Beach is the tourism/hospitality industry. The City leads the county in retail sales per capita, being both the historic trade center for Southeast Volusia County, as well as being a popular tourist area. Of the top ten employers, the industry sectors represented are:

- Retail



Honorable Mayor Owen, and  
Members of the City Commission  
City of New Smyrna Beach, Florida

- Health
- Education
- Government
- Utilities
- Restaurant

Among the 16 cities in the County, New Smyrna Beach is the second highest for its share of residential property values in its tax base: 86% of the property tax base is residential; and of the 13 cities that have industrial properties in the tax base, New Smyrna Beach is tied for last with the lowest share of its property tax base in industrial properties: 1%. The City is working very hard to address the disparity. New Smyrna Beach is the second lowest among the 16 cities in the County for commercial property share, at 10% of the property tax base.

Part of the local economic recovery following the recession, which is outpacing the majority of Volusia County, has been the result of City Commission policy directives in creating an “Open for Business” model. Initiatives range from numerous capital reinvestments in community infrastructure; forming an Economic Development Advisory Board and following an Economic Development Plan, hosting regional economic development summits to identify best practices and review economic development trends; participating with county partners in events and activities; and pro-actively meeting with business owners wishing to expand or to move their business to the City. The City Commission also adopted a Tax Abatement Program that was approved by the voters in the November, 2014 election.

The City’s Economic Development Plan Update that was adopted in 2016 contains many new initiatives based on City Commission goals. A primary goal is to build on the industry sectors that are now in place in the city that provide higher wage jobs.

Specific economic conditions affecting the City’s financial position are discussed in greater detail in the MD&A in this report.

### **Financial Planning and Budgeting**

The City continued to stress expenditure control in preparing the FY2020 General Fund budget. The City ad valorem millage rate for FY2020 is 3.7421, which was 3.99% more than the rolled-back rate of 3.5932. The assessed property tax value increased by 9.264% from FY2019 valuation as a result of increased property assessments and new construction.

The City adopts a five-year capital improvement plan that identifies future funding needs to maintain, repair and upgrade capital assets and infrastructure including road resurfacing, water line upgrades and vehicle and technology replacement programs within the funding constraints. It should be noted; however, that the CIP is not a fixed document but a flexible, evolutionary document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

### **Relevant Financial Policies**

***Budgetary Controls*** The City adopts its annual budget by the end of the previous fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, function (i.e., Public safety), and department (i.e., Police). Shifts in appropriations within fund totals may be done administratively on authority of the City manager. Total fund appropriations and use of contingency appropriations must be approved by the City Commission. Original and final budget to actual comparisons are included in this report for each governmental fund.

Honorable Mayor Owen, and  
Members of the City Commission  
City of New Smyrna Beach, Florida

**Cash Management and Emergency Reserves** The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity, and interest earnings over its cash and investments. During the fiscal year, the City's cash resources (excluding pension investments) were primarily held by TD Bank. The City did not invest in any derivatives or similar debt and investment instruments. The interest received on cash resources approximated 0.58 percent.

For the general fund, the City Commission adopted an emergency reserve policy based upon recommendations of management and Government Finance Officers Association (GFOA) recommended practices. The policy states that general fund unassigned fund balance equal to 25% of the current fiscal year budgeted expenditures less capital outlay and transfers out, will be maintained for emergency purposes and are not otherwise to be appropriated. At the end of fiscal year 2019, unassigned fund balance for the general fund stood at 24.3% of the current year budgeted expenditures, net of capital outlay and transfers out. During fiscal year 2019, the City was affected by one minor hurricane and the general fund utilized \$235,000 in reserves to fund the clean-up and repair costs for damages sustained by the storms. During FY2019 the City received \$560,885 in reimbursements from FEMA and the State of Florida. During the next fiscal year the City will address placing the general fund unassigned fund balance to the targeted policy percentage.

**Risk Management** The City contracts for all known risk elements through the purchase of insurance from outside insurance companies. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard assets of the City. In the opinion of management and legal counsel, outstanding legal claims are not expected to have a material impact on the financial position of the City.

### **Other Information**

**Awards** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of New Smyrna Beach, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This is the 40<sup>th</sup> 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 year only. We believe that our current comprehensive annual financial report meets the requirements for this program and are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments** The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

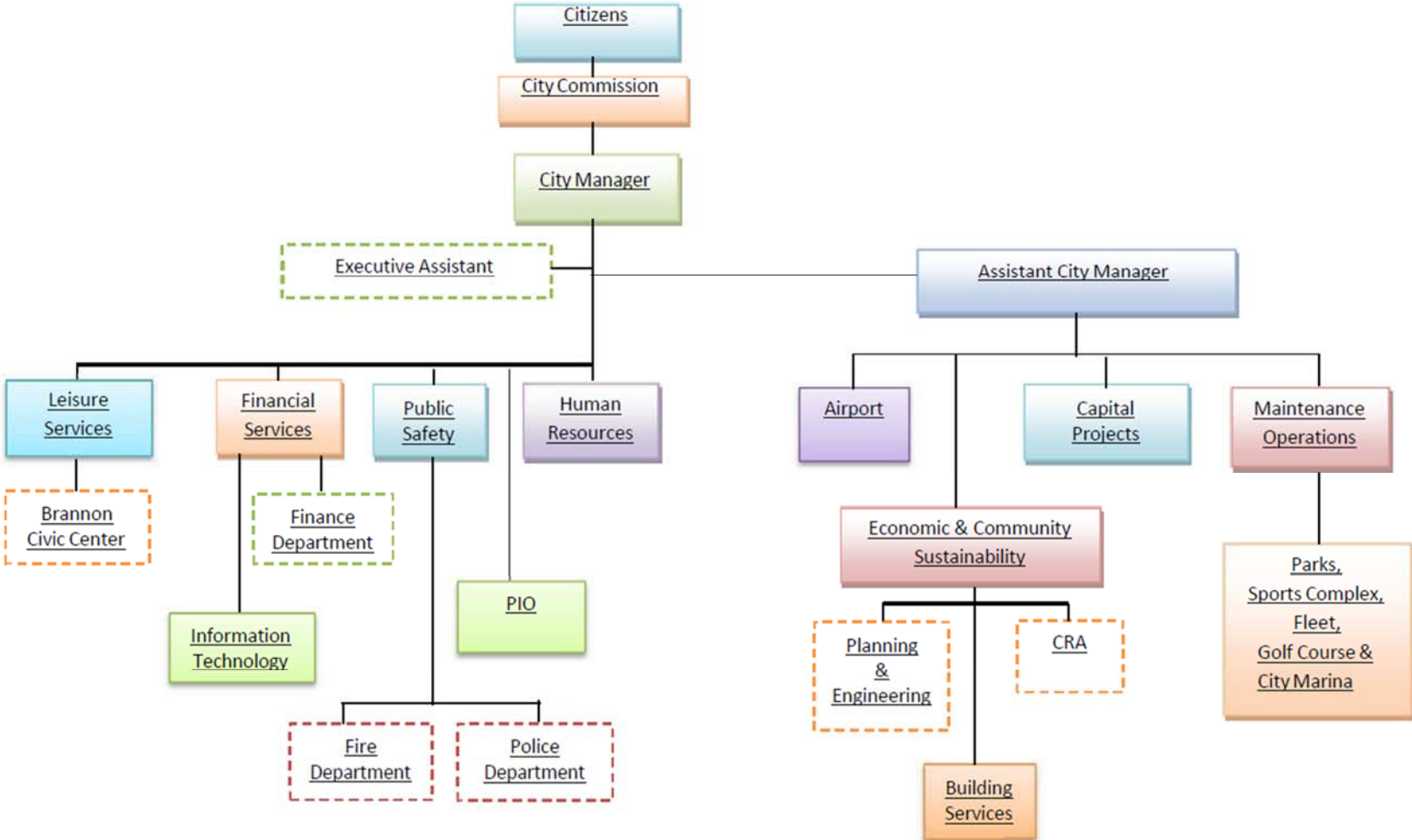


Khalid Resheidat  
City Manager



Natalia Eckroth  
Finance Director

CITY OF NEW SMYRNA BEACH ORGANIZATION CHART





Government Finance Officers Association

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

Presented to

**City of New Smyrna Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,  
City of New Smyrna 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 unit, each major fund, and the aggregate remaining fund information of the City of New Smyrna 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***

The City's 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 Utilities Commission, City of New Smyrna Beach, Florida, which represents 100 percent of the net assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Utilities Commission, City of New Smyrna Beach, Florida, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

- 8 -

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DeLand, FL 32724-4329  
Telephone: 386-738-3300

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2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

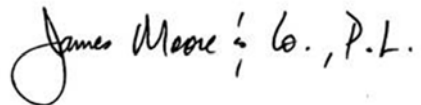
The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the 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 information is 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 June 16, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
June 16, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As financial management of the City of New Smyrna Beach, Florida, (hereinafter referred to as the "City"), we offer the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year that ended on September 30, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

### Financial Highlights

- Government-wide the City's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$128.5 million at year end, which is an increase in net position of \$8.3 million, or 6.92%, when compared to September 30, 2018.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balances of \$37.3 million, an increase of \$4.35 million (or 13.2%) in comparison with the prior year. Approximately 18.1% or \$6.76 million of the total amount is unassigned fund balance and is available for spending at the City's discretion.
- The City's proprietary funds reported a combined ending net position of \$1.17 million, an increase of \$135,768 (or 13.1%) based on current year activities.
- Government-wide capital assets increased in 2019 compared to 2018 by \$10.8 million.
- Government-wide Other Post-Employment Benefits (OPEB) decreased in 2019 compared to 2018 by \$775,508.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of New Smyrna's basic financial statements prepared in compliance with the pronouncements of the Governmental Accounting Standards Board. The City's basic financial statements are comprised of three separate components: (1) management's discussion and analysis (2) the basic financial statements (including government-wide financial statements, fund financial statements, and notes to the financial statements), and (3) required supplementary information, including budgetary comparisons and other selected financial and fiduciary fund data.

*Management's Discussion and Analysis (MD&A)* is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the City's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The *basic financial statements* include two types of statements that present different views of the City. The first two statements consist of entity-wide financial statements that provide both the short and long-term financial information about the City's overall financial status, including its governmental activities and its business-type activities. These statements report information about the City using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the City's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid, are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. The governmental funds' statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities which the government operates like businesses, such as the City's municipal golf course, marina, and solid waste collection system (sanitation). Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others (like the retirement plan for the City's employees), to whom the resources in question belong.

### ***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 basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows at the end of its fiscal year, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The *statement of activities* presents information showing how the government's net position changed during the most recently completed 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 the 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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*government 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 (police, fire and building inspection), highways and streets, airport operations, stormwater management, economic development, and recreation and leisure services. The business-type activities of the City include its municipal golf course, sanitation, and marina. The government-wide financial statements include not only the City of New Smyrna Beach itself (known as the *primary government*), but also a legally separate electric, water, wastewater, and telecommunications utility (Utilities Commission, City of New Smyrna Beach) for which the City of New Smyrna Beach is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 27 to 28.

### ***Fund Financial Statements***

A *fund financial statement* 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 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 accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information is useful in evaluating a government'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 30 and 32.

The City maintains twelve 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, the Stormwater Utility Fund (special revenue), the Community Redevelopment Agency, 1985 (special revenue) Fund, the Community Redevelopment Agency, 2015 (special revenue) Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the nine other 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 elsewhere in this report.

The City adopts an annual appropriations budget for each of its governmental funds in accordance with state statutes. The basic governmental fund financial statements can be found on pages 29 to 32 of this report. Budgetary comparison statements have been provided for each fund to demonstrate compliance with the budget. The General Fund and major special revenue fund budgetary comparison statements are presented as required supplementary information on pages 91 to 95 of this report. Other budgetary comparison schedules are presented as other supplemental information on pages 99 to 107 of this report.

***Proprietary funds.*** The City maintains three 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 the fiscal activities of the City's marina, municipal golf course operations, and solid waste (sanitation) operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City various functions. The City uses an internal service fund to account for its vehicle fleet maintenance operations.

Because services accounted for in the internal service fund are charged back to the appropriate fund/department on services provided, its activities are already included in the financial statements of the governmental and business-type funds. Individual fund data for the internal service fund is provided in the proprietary fund financial statement.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate financial information for the golf course and solid waste (sanitation) operations, both of which are considered to be major funds of the City. Conversely, the internal service fund's financial activities are presented separately in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 33 to 35 of this report.

***Fiduciary funds.*** The City is the trustee, or fiduciary, for its public safety employees' pension plans. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 36 to 37 of this report.

***Notes to the Financial Statements.*** The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 38 to 81 of this report.

***Other Information.*** In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation for other post-employment benefits and to provide certain pension benefits to its employees. Required supplementary information can be found on pages 82 to 95 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97 to 107.

### **Government-wide Financial Analysis**

Reviewing the changes in assets, liabilities, resources and outlays during the fiscal period allows management to assess the City's current financial position and the results of operations for the last year. The following condensed information includes some of the basic data used to measure the City's progress over the past two years.

***Assets*** – Government-wide assets increased over the prior year by \$13.9 million for a balance at year-end of \$182.1 million in total assets. This increase was primarily due to a combination of activities that took place in 2019 which include: an increase in capital assets (less accumulated depreciation) of \$10.8 million, or 8.4%; and cash and cash equivalents increased by 15.7%, or \$5.2 million as the City issued \$9.5 million in General Obligation Note, Series 2019 for the purpose of financing the acquisition of lands along the Turnbull Creek Watershed.

*Liabilities* – Total government-wide liabilities increased by \$6.0 million. The increase is due to a combination of factors, the issuance of new debt and the increase of net pension liability and bonds and notes payable.

*Net Position* – As noted previously, net position may serve as a useful indicator of a government's financial position over time. Approximately 83.0% of the City's net position reflects its investment in capital assets (land, equipment, buildings, improvements other than buildings, machinery and equipment and infrastructure), net of related debt. The City uses these capital assets to provide services to its citizens; so consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

In the case of the City, assets exceeded liabilities, Government-wide, at the end of the fiscal year by over \$128.5 million. Total net position increased \$8.3 million from last year. Net position of the City's governmental activities increased alone by \$8.2 million and totaled \$127.4 million at the end of the fiscal year. Of this amount, approximately 95.4% is either restricted as to the purposes they can be used for or is invested in capital assets. Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled \$5.9 million at the end of 2019.

In fiscal year 2019, the City's business-type activities experienced an increase in net position of \$135,768 for a total of \$1,168,616 compared to \$1,032,848 total net position in 2018. The increase is the result of a \$97,566 transfer from the general fund to the Golf Course Fund to offset the cash deficit, with investments in capital assets at \$1,022,641.



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The following is a summary of net position for the years ended September 30, 2019 and 2018:

<b>Net Position</b>						
As of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other assets	\$ 41,840,635	\$ 38,957,372	\$ 1,411,627	\$ 1,120,540	\$ 43,252,262	\$ 40,077,912
Capital assets, net	137,804,659	126,997,229	1,022,641	1,064,128	138,827,300	128,061,357
<b>Total Assets</b>	<b>179,645,294</b>	<b>165,954,601</b>	<b>2,434,268</b>	<b>2,184,668</b>	<b>182,079,562</b>	<b>168,139,269</b>
<b>Deferred Outflows of Resources:</b>						
Deferred outflows related to pension costs	2,513,523	1,494,054	61,632	65,498	2,575,155	1,559,552
Deferred amounts on refunding	396,336	445,220	-	-	396,336	445,220
	2,909,859	1,939,274	61,632	65,498	2,971,491	2,004,772
<b>Total assets and deferred outflow of resources</b>	<b>182,555,153</b>	<b>167,893,875</b>	<b>2,495,900</b>	<b>2,250,166</b>	<b>\$ 185,051,053</b>	<b>\$ 170,144,041</b>
<b>Liabilities:</b>						
Current liabilities	4,352,585	6,052,329	665,906	630,874	5,018,491	6,683,203
Long-term debt outstanding	35,658,580	28,442,727	134,932	55,818	35,793,512	28,498,545
Other liabilities	14,130,695	13,719,780	444,218	492,329	14,574,913	14,212,109
<b>Total Liabilities</b>	<b>54,141,860</b>	<b>48,214,836</b>	<b>1,245,056</b>	<b>1,179,021</b>	<b>55,386,916</b>	<b>49,393,857</b>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows related to pension costs	341,033	486,091	40,465	38,297	381,498	524,388
Deferred inflows related to OPEB	698,037	-	41,763	-	739,800	-
	1,039,070	486,091	82,228	38,297	1,121,298	524,388
<b>Net Position:</b>						
Invested in capital assets	105,714,465	100,614,187	1,022,641	1,064,128	106,737,106	101,678,315
Restricted	15,743,617	14,686,532	-	-	15,743,617	14,686,532
Unrestricted	5,916,141	3,892,229	145,975	(31,280)	6,062,116	3,860,949
<b>Total net position</b>	<b>\$ 127,374,223</b>	<b>\$ 119,192,948</b>	<b>\$ 1,168,616</b>	<b>\$ 1,032,848</b>	<b>\$ 128,542,839</b>	<b>\$ 120,225,796</b>

**Changes in Net Position.** While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2019, the City's combined net position totaled \$128,542,839, which is up \$8.3 million over last year's reported \$120,225,796. The principal reason net position increased by \$8.3 million is due to the increase in current and other assets and investment in capital assets. City-wide, capital assets increased by \$5.1 million, net of depreciation and related debt, when compared to last year's total. Current and other assets increased by \$13.9 million dollars as the City issued \$9.5 million in new debt. In fiscal year 2018, the City's combined net position totaled \$120.2 million.

During fiscal year 2019 the City's total revenues decreased by \$1.5 million to a total of \$52,195,593. In fiscal year 2018, the City's total revenues increased by \$10.3 million to a total of \$53.6 million. Approximately 30% of the City's combined activities revenue are derived from property taxes (25% in 2018), and 18% (18% in 2018) of every dollar raised comes from another type of tax or franchise fee.

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Another 39% (33% in 2018) comes from fees charged for services and 10% (22% in 2018) is from grant contributions, while most of the remaining revenue is state and federal financial assistance and interest and other earnings.

Government-wide operating expenses increased by \$3.2 million or 7.9% during the period.

The following is a summary of changes in net position for the years ended September 30, 2019 and 2018:

**Changes in Net Position**

As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 12,060,858	\$ 10,098,394	\$ 8,049,625	\$ 7,782,028	\$ 20,110,483	\$ 17,880,422
Operating grants/contributions	2,197,583	4,284,628	-	-	2,197,583	4,284,628
Capital grants/contributions	2,875,061	7,546,416	-	-	2,875,061	7,546,416
<b>General Revenues:</b>						
Property taxes	15,863,575	13,606,365	-	-	15,863,575	13,606,365
Other taxes	5,670,033	5,526,799	-	-	5,670,033	5,526,799
6% payment from the Utilities Commission	3,787,625	3,666,586	-	-	3,787,625	3,666,586
Intergovernmental revenues	1,122,878	548,880	-	-	1,122,878	548,880
Other revenues	551,253	520,153	17,102	34,368	568,355	554,521
Gain on capital assets	-	31,106	-	-	-	31,106
<b>Total revenues</b>	<b>44,128,866</b>	<b>45,829,327</b>	<b>8,066,727</b>	<b>7,816,396</b>	<b>52,195,593</b>	<b>53,645,723</b>
<b>Expenses:</b>						
General government	6,125,363	5,793,676	-	-	6,125,363	5,793,676
Public safety	16,321,412	13,750,597	-	-	16,321,412	13,750,597
Transportation	6,178,417	4,799,649	-	-	6,178,417	4,799,649
Economic environment	898,328	1,067,964	-	-	898,328	1,067,964
Physical environment	5,049	1,970,217	-	-	5,049	1,970,217
Culture/recreation	5,051,113	4,554,202	-	-	5,051,113	4,554,202
Buildings & maintenance	693,001	724,766	-	-	693,001	724,766
Interest on long-term debt	772,474	733,514	-	-	772,474	733,514
Golf course operations	-	-	1,353,870	1,277,317	1,353,870	1,277,317
Marina operations	-	-	253,798	248,544	253,798	248,544
Solid waste operations	-	-	6,225,725	5,763,687	6,225,725	5,763,687
<b>Total expenses</b>	<b>36,045,157</b>	<b>33,394,585</b>	<b>7,833,393</b>	<b>7,289,548</b>	<b>43,878,550</b>	<b>40,684,133</b>
Increase in net position, before transfers	8,083,709	12,434,742	233,334	526,848	8,317,043	12,961,590
Transfers in (out)	97,566	(254,301)	(97,566)	254,301	-	-
<b>Changes in net position</b>	<b>8,181,275</b>	<b>12,180,441</b>	<b>135,768</b>	<b>781,149</b>	<b>8,317,043</b>	<b>12,961,590</b>
Net Position, beginning of year as restated	119,192,948	107,012,507	1,032,848	251,699	120,225,796	107,264,206
<b>Net Position, end of year</b>	<b>\$ 127,374,223</b>	<b>\$ 119,192,948</b>	<b>\$ 1,168,616</b>	<b>\$ 1,032,848</b>	<b>\$ 128,542,839</b>	<b>\$ 120,225,796</b>

### Governmental Activities

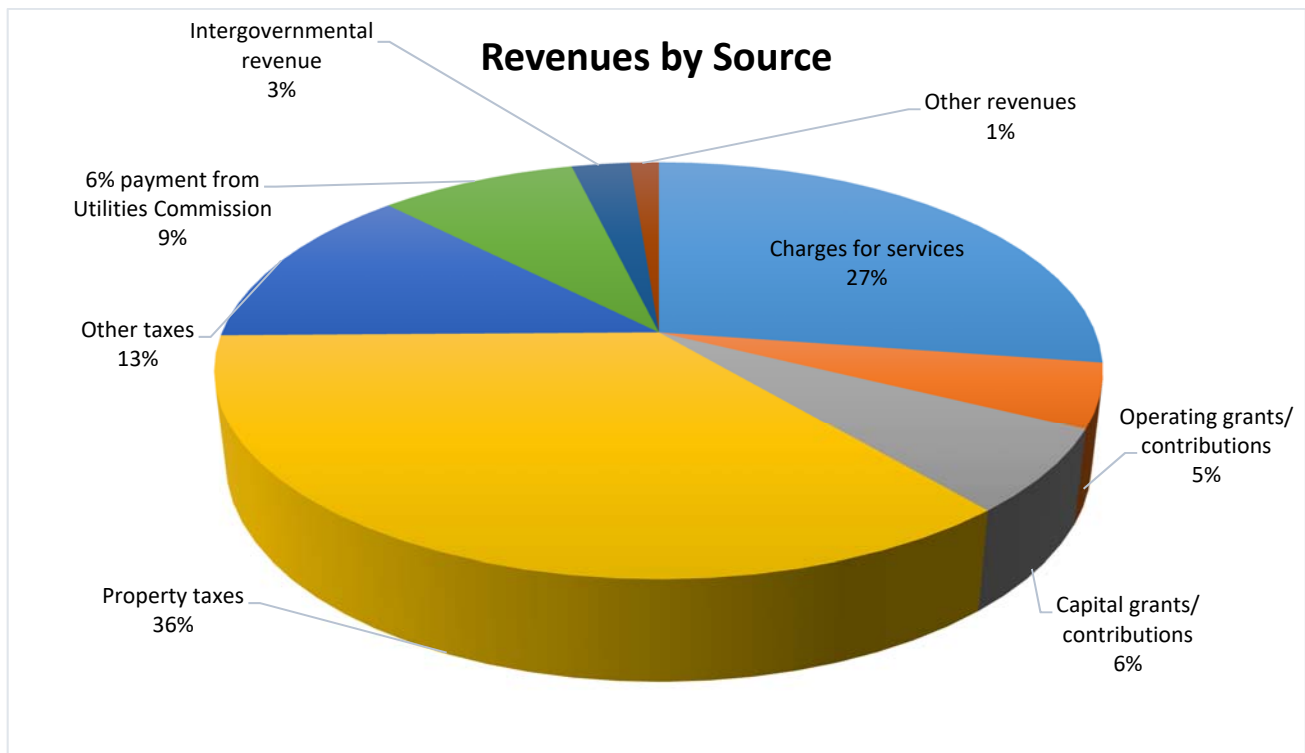
In 2019, net position for governmental activities improved by \$8,181,275, accounting for 98% of the total growth in the City's net position. This is \$2.6 million less than the previous year's total of \$10,752,003.

Revenues for governmental activities decreased overall by \$1.7 million or 3.7% from the previous year. The increase in property tax revenue of \$2.3 million represents a 16.6% increase from the previous year. The increase in property taxes is primarily due to the increase in property values. Capital grants/contributions and operating grants decreased by \$4.7 million and \$2.1 million, respectively. The 6% payment from the City's component unit increased \$121,039 or 3.3%. As the Parking Program and building permits continue to thrive, charges for services increased by \$2 million (19.4%, when compared to 2018); and public service tax increased by \$113,949 (3.4%).

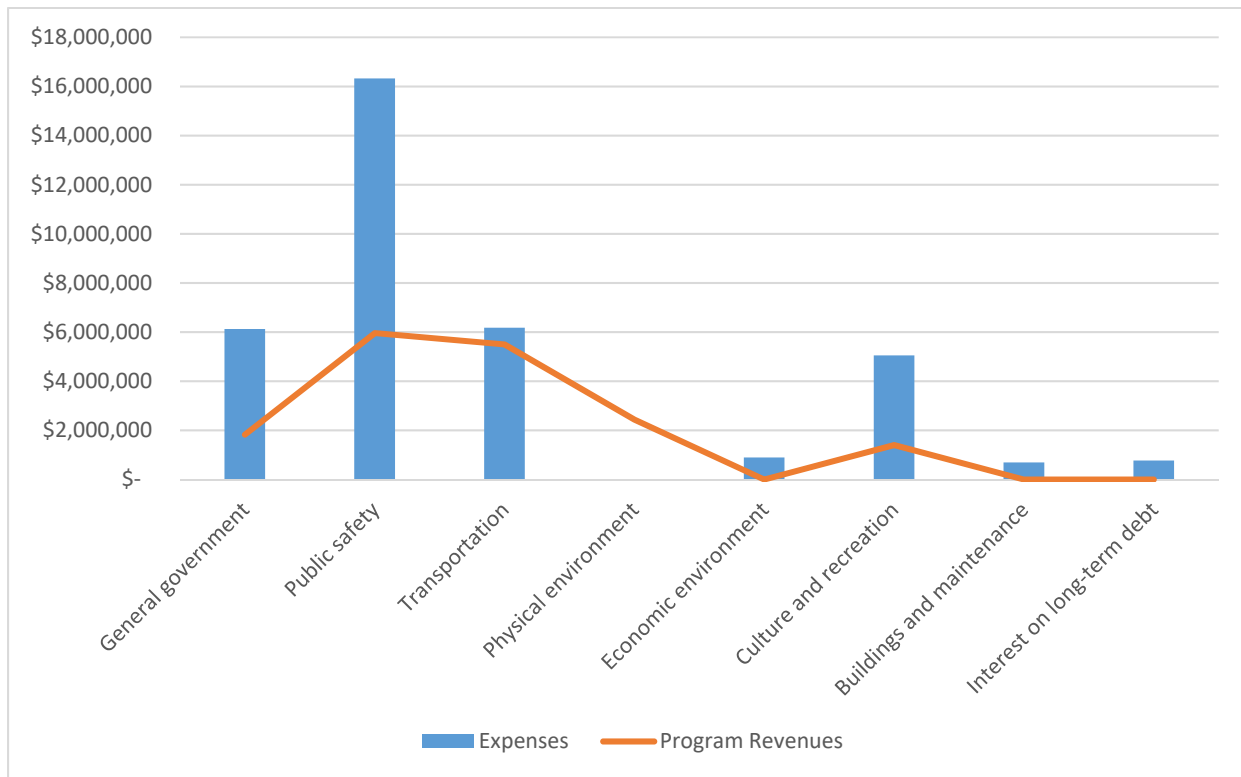
The following is a summary of the City's governmental revenues - by source for fiscal year 2019:

### Revenues by Source - Governmental Activities

An individual comparison of the City's functional program revenues and costs of providing program services to its citizens during fiscal year 2019 is useful in identifying the programs, and the extent of which each are dependent on taxes and other non-exchange revenues to subsidize their program operations. They are presented in the following graph:



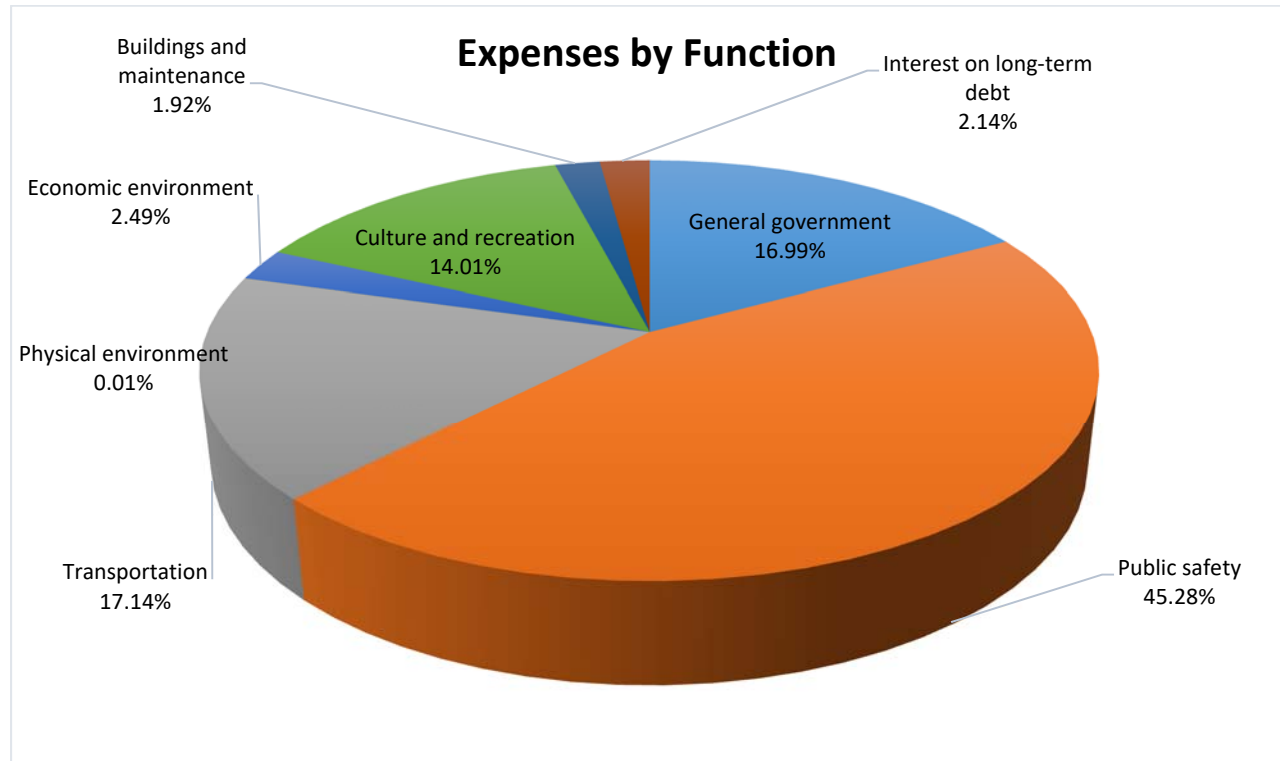
**Expenses and Program Revenues – Governmental Activities**



Combined governmental activities expenses for fiscal year 2019 totaled \$36,045,157 which represents an increase of \$2.65 million or 7.9% more than last year's expenses of \$33,394,585. The increase in public safety (\$2.6 million), transportation (\$1.4 million), and culture/recreation (\$0.5 million) expenditures was offset by the decrease in economic environment (\$0.2 million) and physical environment (\$1.9 million).

The following is a summary of the City's governmental expenses - by function for fiscal year 2019:

**Expenses by Function - Governmental Activities**



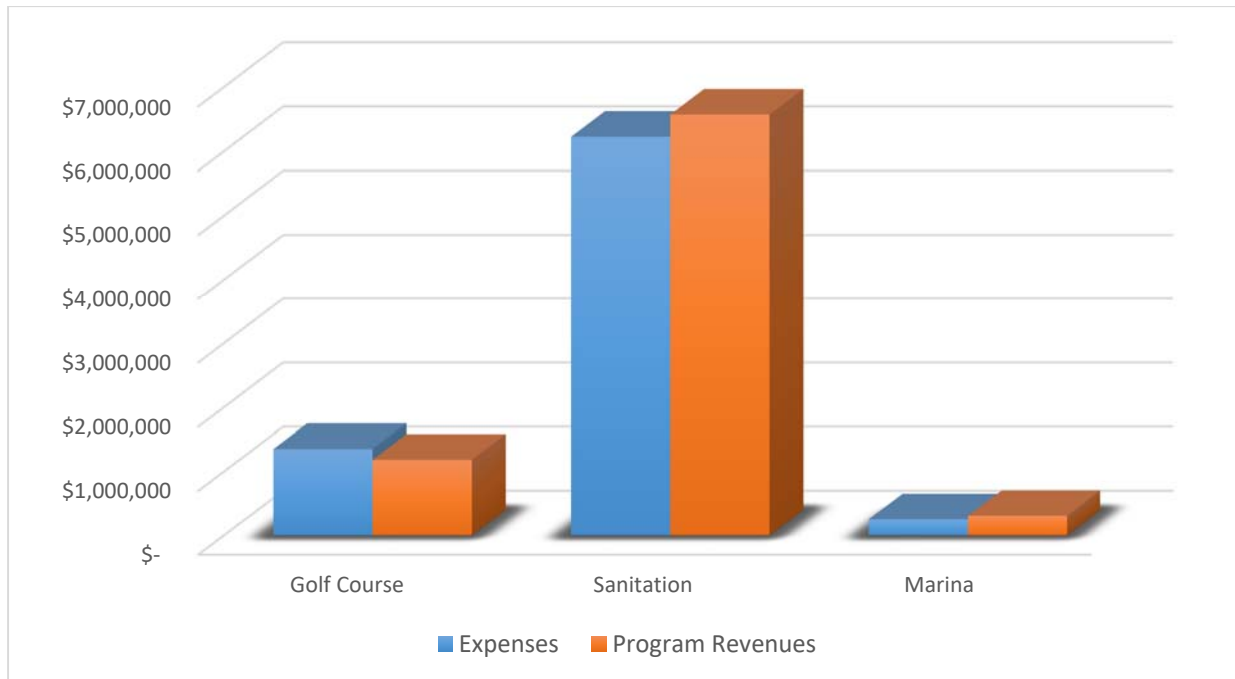
**Business-type Activities**

Business-type activities increased the City's total net position by \$1,168,616 in 2019, which is an increase of \$135,768 when compared to 2018. Overall, net position from the City's business-type activities account for only 0.91% and 0.86% of the City's combined total net position at September 30, 2019 and 2018, respectively. The Golf Course fund is reporting an operating loss of \$162,944, which is an increase from the 2018 operating loss of \$136,666. The Sanitation fund had operating income of \$336,445; this is a decrease of \$263,419 from the prior year's operating income of \$599,864. The Marina fund had operating income in the amount of \$47,035. The City continues to review the operations of its Enterprise Funds to identify costs savings and revenue generating opportunities and to continue to increase the strength of its business-type activities operations.

The major sources of operating revenues for the City's business-type activities include charges for services for solid waste utilities (Municipal Sanitation Fund), the City Marina charges for live aboard fees, and for use of the City-owned golf course facility (Municipal Golf Course Fund). Combined operating revenues from these three activities increased in 2019 and totaled \$8,049,625 compared to \$7,809,243 generated in 2018.

A comparison of the City's functional program revenues and costs of providing business-type services to its customers in fiscal year 2019 is useful in identifying the capabilities of producing revenues sufficient to operate their programs. They are presented in the following graph:

**Expenses and Program Revenues - Business-type Activities**



Operating expenses of the business-type activities increased in 2019 to \$7,829,089, as compared to \$7,289,548 incurred in 2018.

**Financial Analysis of the City's Funds**

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

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

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$37,296,946, which is \$4.3 million or 13.2% more than the \$32,947,191 reported in 2018. Approximately 18.1% of this amount (\$6.8 million) is comprised of unassigned General Fund balance, which is available for spending at the City's discretion. The remainder of fund balance at the end of 2019 is restricted or committed for specific purposes. Restricted fund balance (totaling \$19.2 million) has legal restrictions from an outside third party and can only legally be spent for the following: community redevelopment (CRA); capital projects; debt service; and public safety.



Committed fund balance is comprised of items which have been pledged for specific purposes by the City Commission. While these amounts are not legally restricted, they have been committed via Resolution or Ordinance by the Commission. Committed fund balance is comprised of items set-aside for stormwater improvements (\$3.8 million). Assigned fund balance is comprised of items which have been "ear-marked" by the City for a particular purpose and the subsequent year's budget (\$4.4 million).

As of September 30, 2019, the unassigned fund balance in the general fund totaled \$6.8 million, while total fund balance for the general fund reached \$10.3 million. General fund unassigned fund balance increased 4.1%, or \$269,499 from the 2018 general fund unassigned fund balance of \$6.5 million.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at the end of 2019 represents approximately 23.3% of the total general fund expenditures and transfers out (\$29 million).

**Community Redevelopment Agency.** The 1985 Community Redevelopment Agency trust fund is a major special revenue fund that accounts for tax increment revenue that is used to finance improvements in the community redevelopment district of the City. As of September 30, 2015, the CRA ended after 30 years with the conveyance of its assets to the City. Although the 1985 CRA ended, F.S. Ch.163.370 allows the City to complete projects within 3 years of appropriation. The City continues to spend down the reserve balance for projects in progress as of September 30, 2019.

The Volusia County Council approved a new 2015 CRA in the City, which will fund projects on US 1 and in the Historic Westside Community in its first 10 years. The new CRA was approved for a total of 20 years and is expected to generate \$15 million for capital projects and economic development incentives. Revenues generated in 2019 include \$581,276 in tax revenue and total expenses were \$174,540.

**Stormwater Utility Fund.** The stormwater utility fund is a major special revenue fund that accounts for the maintenance of the City's sewer system. Stormwater utility fees are charged to City residents and collected through the property tax bill as a non-ad-valorem assessment. Each year the fees are adjusted based on the consumer price index, which is not to exceed 3%. In 2019 the fund experienced a decrease in fund balance of \$769,972, compared to \$4.6 million fund balance in 2018.

**Capital Projects Fund.** In 2019, the City obtained \$261,740 in grant revenues for capital projects. Additionally, proceeds from issuance of a note in the amount of \$9.5 million is to provide for current and future capital projects. During FY2019, the City completed the Live Oak Cultural Center in the amount of \$1.1 million along with \$8.9 million expended for the Turnbull Creek Greenway project. An additional \$113K has been expended towards the construction of a City Hall Annex.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Please refer to the government-wide analysis on page 20 for more information on the City's Golf Course, Sanitation, and Marina funds.

### General Fund Budgetary Highlights

Accurate revenue projection is critical to sound budgeting. The amount of resources available for appropriation is the foundation for any budget and should be the basis for decision-making in the budget process. The City Commission periodically revises the budget throughout the year to recognize projects carried over from the previous year, grant awards received during the year and to adjust budgets to reflect actual circumstances. In fiscal year 2019, the City Commission amended the General Fund budget on nine separate occasions for changes in various departmental appropriations, to increase the amount of appropriated fund balance to cover estimated operating and capital expenditures. Actual expenditures in the General Fund for the current fiscal year were less than the budgetary amounts appropriated by \$886,038.

### Capital Assets and Debt Administration

**Capital Assets.** At September 30, 2019, the City's investment in capital assets for its governmental and business-type activities totaled \$138.8 million (net of accumulated depreciation of \$58.9 million). The Capital assets include land, building, improvements other than buildings, machinery and equipment and infrastructure. This investment in capital assets, net of depreciation, for all activities is reflected in the following comparative schedule:

This year's major additions to capital assets are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Capital Assets:						
Land and improvements	\$ 38,195,235	\$ 29,254,005	\$ -	\$ -	\$ 38,195,235	\$ 29,254,005
Construction in progress	16,901,329	16,328,010	-	-	16,901,329	16,328,010
Buildings	48,147,957	45,604,991	32,260	32,260	48,180,217	45,637,251
Improvements other than buildings	27,323,715	25,246,029	391,029	391,029	27,714,744	25,637,058
Machinery and equipment	19,454,771	18,166,147	685,593	681,650	20,140,364	18,847,797
Infrastructure	46,283,963	46,108,668	323,148	323,148	46,607,111	46,431,816
Accumulated depreciation	(58,502,311)	(53,710,613)	(409,389)	(363,959)	(58,911,700)	(54,074,572)
Total capital assets, net of accumulated depreciation	\$ 137,804,659	\$ 126,997,237	\$ 1,022,641	\$ 1,064,128	\$ 138,827,300	\$ 128,061,365

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	<u>Amount</u>
<b>General Government:</b>	
Turnbull Creek Greenway	\$ 8,941,230
Swoope Boat Ramp – in progress	510,785
<b>Public Safety:</b>	
Interlocal Training Facility – construction in progress	575,760
<b>Physical Environment:</b>	
Islesboro Drainage Project – improvements in progress	1,877,496
<b>Transportation:</b>	
Airport Projects – in progress	244,416
<b>Items completed from construction in progress and placed in service include:</b>	
Live Oak St. renovations	2,518,034
Air Traffic Control Tower Improvements	234,002
Airport Terminal Parking Expansion	302,878
Airport Taxiway E Project	424,054
Park Improvements	1,096,901
<b>Significant additions</b>	<u>\$ 16,725,556</u>

Additional information on the City's capital assets can be found in Note (7) to the financial statements.

**Capital Leases.** At year end, the City had present value of minimum lease payments totaling \$1.56 million. In September 2016, the City entered into a lease agreement as a lessee to finance the acquisition of one fire truck and 2 fire engines. The fire apparatuses were delivered in May of 2017. In November 2015, the City entered into a capital lease agreement as lessee to finance the acquisition of 55 golf carts. In December 2018, the City terminated the 2015 capital lease agreement and entered into a new capital lease agreement as lessee to finance the acquisition of 55 golf carts. More detailed information about the City's capital leases is presented in Note (10) to the financial statements.

**Long-term Debt.** At year end, the City had \$34.2 million in notes, all of which are secured solely by specified revenue sources. More detailed information about the City's long-term debt is presented in Note (10) to the financial statements.

The City has an outstanding refunding general obligation note in the amount of \$5.5 million and an outstanding capital improvement refunding revenue note of \$4.5 million. The proceeds of the notes were used to finance the construction of a police station, three fire stations, an emergency operations center, and certain public sidewalks and to provide financing resources for several capital projects programs. These notes are payable from all of the City's general revenues with the exception of its ad valorem tax revenue and are payable in varying amounts through 2029.

The City has four promissory note obligations payable to the State of Florida, Department of Environmental Protection State Revolving Fund Loan Program totaling \$670,254 at year end. The proceeds of these loans were used to finance the construction of needed stormwater drainage improvements. These notes are secured by the City's stormwater utility revenues and are payable in varying amounts through 2028.

In March 2017, the City authorized the issuance of a \$5 million note, to finance the Islesboro Subdivision stormwater improvements. The note is secured by a lien and pledged of stormwater revenues and is payable through 2027.

On May 10, 2018, the City issued a Capital Improvement Revenue and Refunding Note, Series 2018, in the amount of \$10,000,000 to refund the City's outstanding Capital Improvement Note 2013, and to provide residual proceeds of \$2.7 million to finance future capital projects.

In August 2019, the City issued a \$9.5 million general obligation note to finance certain capital projects and acquisitions. The City's total long-term debt increased by 26%, which is attributable to the issuance of the Series 2019 note.

### **Economic Factors and Next Year's Budgets and Rates**

Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to 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, unemployment rates, and inflation rates.

- Local Governments (cities, counties, and school boards) primarily rely on property and a limited array of other permitted taxes (sales, gas, utilities services, etc.) and fees (franchise, business taxes, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. For the business-type and certain governmental activities (permitting, recreational programs, etc.) the user pays a related fee or charge associated with the services.
- The most recent estimates available for unemployment data in Volusia County, Florida are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Database (FRED). This agency estimates a countywide unemployment rate of 3.2% at the end of September 2019, which is lower than the 3.5% rate experienced one year earlier. This trend can be compared to the change in the State of Florida rates, as well, which dropped from 3.4% to 2.9% in the same period.
- Total taxable assessed property values for 2018 (revenues to be collected during fiscal year 2019) saw an increase of 10.109%. Total property tax values increased to \$3.8 billion, up from \$3.4 billion. For the budget year fiscal year 2019, the City Commission voted to adopt an operating millage rate of 3.8416 which is the same as the previous year's (2018) operating millage rate of 3.8416.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Finance Director, City of New Smyrna Beach, 210 Sams Avenue, New Smyrna Beach, Florida 32168-9985.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Utilities Commission
<b>ASSETS</b>				
Equity in pooled cash	\$ 36,926,359	\$ 1,567,816	\$ 38,494,175	\$ 16,580,615
Receivables, net	1,751,396	30,358	1,781,754	7,998,815
Due from other governments	1,582,878	-	1,582,878	588,828
Due from primary government	-	-	-	661,953
Due from component unit	594,451	543,117	1,137,568	-
Internal balances	777,519	(777,519)	-	-
Inventories	109,989	45,125	155,114	2,341,060
Prepays	98,043	2,730	100,773	389,334
Restricted assets:				
Equity in pooled cash	-	-	-	26,082,173
Capital assets:				
Capital assets, not being depreciated	55,096,564	-	55,096,564	52,266,795
Other capital assets, net of depreciation	82,708,095	1,022,641	83,730,736	140,314,727
<b>Total assets</b>	<b>179,645,294</b>	<b>2,434,268</b>	<b>182,079,562</b>	<b>247,224,300</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	2,513,523	61,632	2,575,155	780,648
Deferred outflows related to OPEB	-	-	-	93,879
Deferred amounts on bond refunding	396,336	-	396,336	-
<b>Total deferred outflows</b>	<b>2,909,859</b>	<b>61,632</b>	<b>2,971,491</b>	<b>874,527</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,744,224	562,988	3,307,212	6,032,638
Due to other governments	-	-	-	209,162
Due to primary government	-	-	-	1,137,568
Due to component unit	661,953	-	661,953	-
Unearned revenue	304,820	82,624	387,444	-
Deposits	323,409	20,294	343,703	7,120,391
Accrued interest payable	318,179	-	318,179	335,890
Noncurrent liabilities:				
Due within one year:				
Bonds and notes payable	2,898,008	-	2,898,008	5,520,000
Capital lease obligations	193,420	39,462	232,882	-
Compensated absences	232,427	11,515	243,942	-
Due in more than one year:				
Bonds and notes payable	31,334,649	-	31,334,649	17,225,000
Capital lease obligations	1,232,503	95,470	1,327,973	-
Compensated absences	1,254,945	116,492	1,371,437	532,984
Total OPEB liability	2,179,099	130,373	2,309,472	814,565
Net pension liability	10,464,224	185,838	10,650,062	2,622,411
<b>Total liabilities</b>	<b>54,141,860</b>	<b>1,245,056</b>	<b>55,386,916</b>	<b>41,550,609</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	341,033	40,465	381,498	379,466
Deferred inflows related to OPEB	698,037	41,763	739,800	18,894
Deferred energy cost and fuel adjustments	-	-	-	4,120,689
<b>Total deferred inflows of resources</b>	<b>1,039,070</b>	<b>82,228</b>	<b>1,121,298</b>	<b>4,519,049</b>
<b>NET POSITION</b>				
Net investment in capital assets	105,714,465	1,022,641	106,737,106	169,836,522
Restricted for:				
Public safety	8,838,670	-	8,838,670	-
Community redevelopment	596,788	-	596,788	-
Tree replacement	82,386	-	82,386	-
Debt service	150,250	-	150,250	5,520,000
Capital projects	6,075,523	-	6,075,523	-
Renewal and replacement	-	-	-	13,106,532
Unrestricted	5,916,141	145,975	6,062,116	13,566,115
<b>Total net position</b>	<b>\$ 127,374,223</b>	<b>\$ 1,168,616</b>	<b>\$ 128,542,839</b>	<b>\$ 202,029,169</b>

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



**CITY OF NEW SMYRNA BEACH, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Utilities Commission
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 6,125,363	\$ 1,164,366	\$ 665,238	\$ -	\$ (4,295,759)	\$ -	\$ (4,295,759)	\$ -
Public safety	16,321,412	5,180,451	92,356	687,913	(10,360,692)	-	(10,360,692)	-
Transportation	6,178,417	2,820,537	1,439,989	1,236,608	(681,283)	-	(681,283)	-
Physical environment	5,049	2,239,211	-	201,648	2,435,810	-	2,435,810	-
Economic environment	898,328	-	-	-	(898,328)	-	(898,328)	-
Culture and recreation	5,051,113	656,293	-	748,892	(3,645,928)	-	(3,645,928)	-
Buildings and maintenance	693,001	-	-	-	(693,001)	-	(693,001)	-
Interest on long-term debt	772,474	-	-	-	(772,474)	-	(772,474)	-
Total governmental activities	<u>36,045,157</u>	<u>12,060,858</u>	<u>2,197,583</u>	<u>2,875,061</u>	<u>(18,911,655)</u>	<u>-</u>	<u>(18,911,655)</u>	<u>-</u>
Business-type activities:								
Golf course	1,353,870	1,186,622	-	-	-	(167,248)	(167,248)	-
Sanitation	6,225,725	6,562,170	-	-	-	336,445	336,445	-
City Marina	253,798	300,833	-	-	-	47,035	47,035	-
Total business-type activities	<u>7,833,393</u>	<u>8,049,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,232</u>	<u>216,232</u>	<u>-</u>
Total primary government	<u>\$ 43,878,550</u>	<u>\$ 20,110,483</u>	<u>\$ 2,197,583</u>	<u>\$ 2,875,061</u>	<u>(18,911,655)</u>	<u>216,232</u>	<u>(18,695,423)</u>	<u>-</u>
<b>Component Unit:</b>								
Utilities Commission	<u>\$ 62,128,956</u>	<u>\$ 60,708,531</u>	<u>\$ -</u>	<u>\$ 13,568,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,147,623</u>
General revenues:								
Property taxes					15,863,575	-	15,863,575	-
Sales taxes					1,504,792	-	1,504,792	-
Public service taxes					3,502,667	-	3,502,667	-
Intergovernmental revenue not restricted to specific programs					1,122,878	-	1,122,878	-
Franchise fees					662,574	-	662,574	-
Required payment from component unit					3,787,625	-	3,787,625	-
Investment earnings					515,882	17,102	532,984	682,807
Miscellaneous revenues					35,371	-	35,371	724,350
Transfers, net					97,566	(97,566)	-	-
Total general revenues and transfers					<u>27,092,930</u>	<u>(80,464)</u>	<u>27,012,466</u>	<u>1,407,157</u>
Change in net position					<u>8,181,275</u>	<u>135,768</u>	<u>8,317,043</u>	<u>13,554,780</u>
Net position - beginning of year					<u>119,192,948</u>	<u>1,032,848</u>	<u>120,225,796</u>	<u>188,474,389</u>
Net position - ending of year					<u>\$ 127,374,223</u>	<u>\$ 1,168,616</u>	<u>\$ 128,542,839</u>	<u>\$ 202,029,169</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Stormwater Utility</u>	<u>Buildings Inspection</u>	<u>Community Redevelopment Agency, 1985</u>	<u>Community Redevelopment Agency, 2015</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Equity in pooled cash	\$ 9,487,660	\$ 4,520,727	\$ 8,560,988	\$ 28,357	\$ 643,431	\$ 2,507,999	\$ 11,147,081	\$ 36,896,243
Receivables, net	1,393,428	-	211,070	-	-	-	144,996	1,749,494
Due from component unit	594,451	-	-	-	-	-	-	594,451
Due from other governments	1,319,563	-	-	-	-	153,687	109,628	1,582,878
Advances to other funds	777,519	-	-	-	-	-	-	777,519
Inventories	3,125	-	-	-	-	-	29,578	32,703
Prepaid items	94,965	-	69	-	-	-	2,959	97,993
Total assets	<u>\$ 13,670,711</u>	<u>\$ 4,520,727</u>	<u>\$ 8,772,127</u>	<u>\$ 28,357</u>	<u>\$ 643,431</u>	<u>\$ 2,661,686</u>	<u>\$ 11,434,242</u>	<u>\$ 41,731,281</u>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 1,715,266	\$ 703,488	\$ 74,400	\$ -	\$ 75,000	\$ 1,228	\$ 146,293	\$ 2,715,675
Customer deposits	268,697	-	-	-	-	-	49,712	318,409
Unearned revenue	303,188	-	-	-	-	-	1,632	304,820
Due to component unit	661,953	-	-	-	-	-	-	661,953
Total liabilities	<u>2,949,104</u>	<u>703,488</u>	<u>74,400</u>	<u>-</u>	<u>75,000</u>	<u>1,228</u>	<u>197,637</u>	<u>4,000,857</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - taxes	16,357	-	-	-	-	-	4,397	20,754
Unavailable revenue - special assessments	412,724	-	-	-	-	-	-	412,724
Total deferred inflows of resources	<u>429,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,397</u>	<u>433,478</u>
<b>FUND BALANCES</b>								
Nonspendable:								
Inventories and prepaid items	98,090	-	69	-	-	-	32,537	130,696
Advances	777,519	-	-	-	-	-	-	777,519
Restricted for:								
Public safety	33,056	-	8,697,658	-	-	-	107,956	8,838,670
Debt service	-	-	-	-	-	-	978,791	978,791
Capital projects	-	-	-	-	-	2,660,458	6,076,753	8,737,211
Community redevelopment	-	-	-	28,357	568,431	-	-	596,788
Tree replacement	82,386	-	-	-	-	-	-	82,386
Committed to:								
Systems maintenance and improvements	-	3,817,239	-	-	-	-	-	3,817,239
Parking	-	-	-	-	-	-	2,163,051	2,163,051
Assigned to:								
General government	66,101	-	-	-	-	-	-	66,101
Airport park maintenance and improvements	-	-	-	-	-	-	1,873,120	1,873,120
Transportation	406,186	-	-	-	-	-	-	406,186
Culture and recreation	105,236	-	-	-	-	-	-	105,236
Subsequent year's budget	1,960,076	-	-	-	-	-	-	1,960,076
Unassigned	6,763,876	-	-	-	-	-	-	6,763,876
Total fund balances	<u>10,292,526</u>	<u>3,817,239</u>	<u>8,697,727</u>	<u>28,357</u>	<u>568,431</u>	<u>2,660,458</u>	<u>11,232,208</u>	<u>37,296,946</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,670,711</u>	<u>\$ 4,520,727</u>	<u>\$ 8,772,127</u>	<u>\$ 28,357</u>	<u>\$ 643,431</u>	<u>\$ 2,661,686</u>	<u>\$ 11,434,242</u>	<u>\$ 41,731,281</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

**Fund balances - total governmental funds** \$ 37,296,946

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

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

Total governmental capital assets	195,552,235	
Less: accumulated depreciation	<u>(57,991,694)</u>	137,560,541

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(10,464,224)	
Deferred outflows related to pensions	2,513,523	
Deferred inflows related to pensions	<u>(341,033)</u>	(8,291,734)

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability	(2,141,850)	
Deferred inflows related to OPEB	<u>(686,105)</u>	(2,827,955)

Internal service funds are used by management to charge the costs of data processing, insurance, fleet lease and maintenance, building maintenance, and internal loans to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

255,448

Because some property taxes and special assessments revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.

Unavailable revenue - taxes	20,754	
Unavailable revenue - special assessments	<u>412,724</u>	433,478

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(34,232,657)	
Accrued interest payable	(318,179)	
Capital lease obligation	(1,425,923)	
Deferred amounts on refunding	396,336	
Compensated absences	<u>(1,472,078)</u>	(37,052,501)

**Net position of governmental activities** \$ 127,374,223

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>General Fund</u>	<u>Stormwater Utility</u>	<u>Building Inspections</u>	<u>Community Redevelopment Agency, 1985</u>	<u>Community Redevelopment Agency, 2015</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>								
Taxes	\$ 18,757,656	\$ -	\$ -	\$ -	\$ 581,276	\$ -	\$ 1,224,322	\$ 20,563,254
Licenses and fees	4,771,628	-	3,406,764	-	-	-	1,683,682	9,862,074
Intergovernmental	3,850,399	201,648	-	-	-	261,740	362,602	4,676,389
Charges for services	1,480,546	2,239,211	-	-	-	-	3,776,487	7,496,244
Fines and forfeitures	230,370	-	-	-	-	-	19,230	249,600
Investment income	239,424	57,298	84,606	-	6,489	12,753	99,070	499,640
Miscellaneous	389,732	-	-	-	-	83,686	425	473,843
<b>Total revenues</b>	<u>29,719,755</u>	<u>2,498,157</u>	<u>3,491,370</u>	<u>-</u>	<u>587,765</u>	<u>358,179</u>	<u>7,165,818</u>	<u>43,821,044</u>
<b>Expenditures</b>								
Current:								
General government	4,830,719	-	-	-	-	26,355	-	4,857,074
Public safety	13,622,685	-	1,283,174	-	-	-	25,985	14,931,844
Transportation	1,656,237	-	-	-	-	-	2,901,071	4,557,308
Physical environment	-	792,388	-	-	-	-	-	792,388
Economic environment	-	-	-	-	106,917	-	-	106,917
Culture and recreation	4,094,122	-	-	-	-	-	-	4,094,122
Buildings and maintenance	605,329	79,321	-	-	-	-	-	684,650
Capital outlay	2,914,848	1,587,968	48,319	-	67,623	10,159,150	1,257,589	16,035,497
Debt service:								
Principal	190,146	-	-	-	-	-	2,387,095	2,577,241
Interest and fiscal charges	71,582	-	-	-	-	-	666,429	738,011
Other charges	-	-	-	-	-	-	41,737	41,737
Refunding bond issuance costs	-	-	-	-	-	-	8,000	8,000
<b>Total expenditures</b>	<u>27,985,668</u>	<u>2,459,677</u>	<u>1,331,493</u>	<u>-</u>	<u>174,540</u>	<u>10,185,505</u>	<u>7,287,906</u>	<u>49,424,789</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,734,087</u>	<u>38,480</u>	<u>2,159,877</u>	<u>-</u>	<u>413,225</u>	<u>(9,827,326)</u>	<u>(122,088)</u>	<u>(5,603,745)</u>
<b>Other financing sources (uses)</b>								
Transfers in	97,566	-	-	-	-	8,939,900	1,824,612	10,862,078
Transfers out	(1,016,160)	(808,452)	-	-	-	-	(8,939,900)	(10,764,512)
Proceeds from insurance recovery	62,781	-	-	-	-	-	-	62,781
Proceeds from sale of capital assets	59	-	-	-	-	-	-	59
Issuance of debt	-	-	-	-	-	-	9,793,094	9,793,094
<b>Total other financing sources (uses)</b>	<u>(855,754)</u>	<u>(808,452)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,939,900</u>	<u>2,677,806</u>	<u>9,953,500</u>
<b>Net change in fund balances</b>	<u>878,333</u>	<u>(769,972)</u>	<u>2,159,877</u>	<u>-</u>	<u>413,225</u>	<u>(887,426)</u>	<u>2,555,718</u>	<u>4,349,755</u>
<b>Fund balances, beginning of year</b>	9,414,193	4,587,211	6,537,850	28,357	155,206	3,547,884	8,676,490	32,947,191
<b>Fund balances, end of year</b>	<u>\$ 10,292,526</u>	<u>\$ 3,817,239</u>	<u>\$ 8,697,727</u>	<u>\$ 28,357</u>	<u>\$ 568,431</u>	<u>\$ 2,660,458</u>	<u>\$ 11,232,208</u>	<u>\$ 37,296,946</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 4,349,755</b>
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	16,035,497
Depreciation expense	(5,030,283)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(176,088)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	2,577,241
Issuance of governmental long-term debt	(9,793,094)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (special assessments and property taxes).	
	245,041
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension/OPEB plans reduces future net pension/total OPEB liability. Also included in pension/OPEB expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	115,670
Change in total OPEB liability and deferred inflows/outflows related to OPEB	26,593
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Amortization of bond discounts and premiums	(48,884)
Change in accrued interest on long-term debt	(7,424)
Change in compensated absences liability	(88,634)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The portion of net revenue/expense of internal service funds reported within governmental activities for the year.	
	(24,115)
<b>Change in net position of governmental activities</b>	<b>\$ 8,181,275</b>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Golf Course</b>	<b>Sanitation</b>	<b>Nonmajor Marina</b>	<b>Total</b>	<b>Internal Service Fund - Garage</b>
<b>ASSETS</b>					
Equity in pooled cash	\$ 1,000	\$ 985,839	\$ 580,977	\$ 1,567,816	\$ 25,116
Accounts receivable, net	18,965	6,392	5,001	30,358	1,902
Due from component unit	-	543,117	-	543,117	-
Inventories	45,125	-	-	45,125	77,286
Prepaid items	1,307	-	1,423	2,730	50
Due from other funds	-	95,813	-	95,813	-
<b>Total current assets</b>	<b>66,397</b>	<b>1,631,161</b>	<b>587,401</b>	<b>2,284,959</b>	<b>104,354</b>
Noncurrent assets:					
Capital assets:					
Infrastructure	34,825	-	288,323	323,148	-
Building and improvements	32,260	-	-	32,260	254,654
Improvements other than buildings	391,029	-	-	391,029	217,627
Machinery and equipment	685,593	-	-	685,593	282,454
Accumulated depreciation	(382,960)	-	(26,429)	(409,389)	(510,617)
<b>Total noncurrent assets</b>	<b>760,747</b>	<b>-</b>	<b>261,894</b>	<b>1,022,641</b>	<b>244,118</b>
<b>Total assets</b>	<b>827,144</b>	<b>1,631,161</b>	<b>849,295</b>	<b>3,307,600</b>	<b>348,472</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	61,632	-	-	61,632	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	56,091	491,765	15,132	562,988	28,549
Deposits	5,000	-	15,294	20,294	-
Unearned revenue	79,743	-	2,881	82,624	-
Due to other funds	95,813	-	-	95,813	-
Capital lease obligation	39,462	-	-	39,462	-
Compensated absences	9,569	1,387	559	11,515	3,860
<b>Total current liabilities</b>	<b>285,678</b>	<b>493,152</b>	<b>33,866</b>	<b>812,696</b>	<b>32,409</b>
Noncurrent liabilities:					
Advances from other funds	777,519	-	-	777,519	-
Capital lease obligation	95,470	-	-	95,470	-
Compensated absences	115,597	895	-	116,492	11,434
Total OPEB liability	102,436	18,625	9,312	130,373	37,249
Net pension liability	185,838	-	-	185,838	-
<b>Total noncurrent liabilities</b>	<b>1,276,860</b>	<b>19,520</b>	<b>9,312</b>	<b>1,305,692</b>	<b>48,683</b>
<b>Total liabilities</b>	<b>1,562,538</b>	<b>512,672</b>	<b>43,178</b>	<b>2,118,388</b>	<b>81,092</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	40,465	-	-	40,465	-
Deferred inflows related to OPEB	32,814	5,966	2,983	41,763	11,932
<b>Total deferred inflows of resources</b>	<b>73,279</b>	<b>5,966</b>	<b>2,983</b>	<b>82,228</b>	<b>11,932</b>
<b>NET POSITION</b>					
Net investment in capital assets	760,747	-	261,894	1,022,641	244,118
Unrestricted	(1,507,788)	1,112,523	541,240	145,975	11,330
<b>Total net position</b>	<b>\$ (747,041)</b>	<b>\$ 1,112,523</b>	<b>\$ 803,134</b>	<b>\$ 1,168,616</b>	<b>\$ 255,448</b>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Golf Course</b>	<b>Sanitation</b>	<b>Nonmajor City Marina</b>	<b>Total</b>	<b>Activities Internal Service Fund - Garage</b>
<b>Operating revenues</b>					
Charges for services	\$ 1,185,775	\$ 6,539,257	\$ 299,879	\$ 8,024,911	\$ 1,064,783
Miscellaneous revenues	847	22,913	954	24,714	2,297
Total operating revenues	<u>1,186,622</u>	<u>6,562,170</u>	<u>300,833</u>	<u>8,049,625</u>	<u>1,067,080</u>
<b>Operating expenses</b>					
Personal services	757,099	81,226	115,783	954,108	283,316
Contractual services	17,367	-	-	17,367	1,349
Utilities	58,494	1,043	25,792	85,329	7,765
Cost of sales	40,300	5,932,592	658	5,973,550	668,061
Buildings and maintenance	72,489	-	23,871	96,360	79,511
Supplies and materials	190,385	210,864	14,650	415,899	13,144
Other services and charges	63,247	-	58,628	121,875	16,353
Depreciation	150,185	-	14,416	164,601	21,696
Total operating expenses	<u>1,349,566</u>	<u>6,225,725</u>	<u>253,798</u>	<u>7,829,089</u>	<u>1,091,195</u>
<b>Operating income (loss)</b>	<u>(162,944)</u>	<u>336,445</u>	<u>47,035</u>	<u>220,536</u>	<u>(24,115)</u>
<b>Nonoperating revenues (expenses)</b>					
Interest earnings	-	10,244	6,858	17,102	-
Interest and amortization expense	(4,304)	-	-	(4,304)	-
Total nonoperating revenues (expenses)	<u>(4,304)</u>	<u>10,244</u>	<u>6,858</u>	<u>12,798</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	<u>(167,248)</u>	<u>346,689</u>	<u>53,893</u>	<u>233,334</u>	<u>(24,115)</u>
Transfers out	-	-	(97,566)	(97,566)	-
<b>Change in net position</b>	<u>(167,248)</u>	<u>346,689</u>	<u>(43,673)</u>	<u>135,768</u>	<u>(24,115)</u>
<b>Net position, beginning of year</b>	(579,793)	765,834	846,807	1,032,848	279,563
<b>Net position, end of year</b>	<u>\$ (747,041)</u>	<u>\$ 1,112,523</u>	<u>\$ 803,134</u>	<u>\$ 1,168,616</u>	<u>\$ 255,448</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Golf Course	Sanitation	Nonmajor City Marina	Total	Internal Service Fund - Garage
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 1,178,928	\$ 6,558,726	\$ 294,400	\$ 8,032,054	\$ 1,065,622
Cash paid to employees	(773,670)	(74,096)	(106,656)	(954,422)	(285,262)
Cash paid to suppliers	(456,250)	(6,107,901)	(116,502)	(6,680,653)	(811,535)
Net cash provided by (used in) operating activities	<u>(50,992)</u>	<u>376,729</u>	<u>71,242</u>	<u>396,979</u>	<u>(31,175)</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers to other funds	-	-	(97,566)	(97,566)	-
Interfund loans	95,813	(95,813)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>95,813</u>	<u>(95,813)</u>	<u>(97,566)</u>	<u>(97,566)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Principal payments of long-term debt	(84,892)	-	-	(84,892)	-
Interest paid	(4,304)	-	-	(4,304)	-
Net cash provided by (used in) capital and related financing activities	<u>(89,196)</u>	<u>-</u>	<u>-</u>	<u>(89,196)</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Interest received	-	10,244	6,858	17,102	-
Net cash provided by (used in) investing activities	<u>-</u>	<u>10,244</u>	<u>6,858</u>	<u>17,102</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	<u>(44,375)</u>	<u>291,160</u>	<u>(19,466)</u>	<u>227,319</u>	<u>(31,175)</u>
<b>Cash and cash equivalents, beginning of year</b>	4,483	694,679	600,443	1,299,605	56,291
<b>Cash and cash equivalents, end of year</b>	<u>\$ (39,892)</u>	<u>\$ 985,839</u>	<u>\$ 580,977</u>	<u>\$ 1,526,924</u>	<u>\$ 25,116</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (162,944)	\$ 336,445	\$ 47,035	\$ 220,536	\$ (24,115)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	150,185	-	14,416	164,601	21,696
Loss (gain) on sale of capital assets	40,892	-	-	40,892	-
Changes in assets and liabilities:					
Accounts receivable	(10,557)	2,570	(5,196)	(13,183)	(1,458)
Due from other governments	-	537,103	-	537,103	-
Due from component unit	-	(543,117)	-	(543,117)	-
Inventories	(5,613)	-	-	(5,613)	3,126
Prepaid items	(146)	-	-	(146)	974
Accounts payable and accrued liabilities	(8,209)	36,598	7,097	35,486	(29,452)
Deposits	-	-	380	380	-
Unearned revenue	2,863	-	(1,617)	1,246	-
Compensated absences	(32,686)	(1,630)	(3,168)	(37,484)	1,153
Net pension liability	43,186	-	-	43,186	-
Total OPEB liability	(27,071)	8,760	12,295	(6,016)	(3,099)
Net cash provided by (used in) operating activities	<u>\$ (10,100)</u>	<u>\$ 376,729</u>	<u>\$ 71,242</u>	<u>\$ 437,871</u>	<u>\$ (31,175)</u>
<b>Non-cash investing, capital, and financing activities:</b>					
Capital assets acquired by a lease	\$ 164,006	\$ -	\$ -	\$ 164,006	\$ -

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



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2019**

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,002,964
Prepaid benefit payments	136,470
Receivables:	
Employer contributions receivable	76,032
Employee contributions receivable	10,114
State premium taxes	301,157
Other receivables	24,748
Interest and dividends receivable	52,838
Total receivables	464,889
Investments, at fair value:	
Common stock	13,671,758
Government agency obligations	3,277,489
Corporate bond securities	2,458,864
Mutual funds	13,060,993
Real estate funds	4,143,552
Annuity contracts	2,758,730
Private investment funds	23,226
Total investments	39,394,612
Total assets	41,998,935
<b>LIABILITIES</b>	
Accounts payable	57,493
<b>NET POSITION</b>	
Restricted for pensions	\$ 41,941,442

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u><b>Pension Trust Funds</b></u>
<b>Additions</b>	
Contributions:	
Employer	\$ 2,286,114
Employees	515,895
State - insurance premium taxes	562,623
Total contributions	<u>3,364,632</u>
Investment earnings	
Net appreciation (depreciation) in fair value of investments	782,581
Interest and dividends	814,817
Total investment earnings	<u>1,597,398</u>
Less: investment expense	<u>(204,558)</u>
Net investment income (loss)	1,392,840
 Total additions	 <u>4,757,472</u>
<b>Deductions</b>	
Benefit payments and refunds	3,528,672
Administrative expenses	90,564
Total deductions	<u>3,619,236</u>
 <b>Change in net position</b>	 <u>1,138,236</u>
 <b>Net position restricted for pensions, beginning of year</b>	 40,803,206
 <b>Net position restricted for pensions, end of year</b>	 <u><u>\$ 41,941,442</u></u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(1) Summary of Significant Accounting Policies:**

The City of New Smyrna Beach, Florida, was created in 1887 by adoption of its first charter, which was eventually replaced by the present charter through Chapter 224.08, Special Acts of Florida, 1943. The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager. The Utilities Commission, City of New Smyrna Beach, Florida (a discretely presented component unit) was created by a Special Act of the Legislature through Chapter 67-1754 in 1967 and is governed by a five member board of Commissioners who are appointed by the City Commission.

The financial statements of the City of New Smyrna Beach, Florida, have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

(a) **Reporting entity**—The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types controlled by or dependent on the City. In evaluating the City as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the City's financial statements.

(b) **Discretely presented component unit**—The component unit column in the basic financial statements includes the financial data of the Utilities Commission, City of New Smyrna Beach (the "Utilities Commission"). The financial statements of the Utilities Commission, City of New Smyrna Beach, are discretely reported in separate columns to emphasize that it is legally separate from the City (primary government). The Utilities Commission provides electric, water, wastewater and telecommunications utility services to the City, its citizens, and surrounding service areas located outside of the City limits. It is included as a component unit because the City Commission appoints the Commissioners, as well as approves the operating budget and issuance of debt. Therefore, its exclusion from the financial reporting entity would render the City's financial statements misleading.

Complete financial statements of the component unit can be obtained directly from the Utilities Commission's administrative offices, which is as follows:

**Administrative Office:**  
Utilities Commission  
City of New Smyrna Beach  
P.O. Box 100  
New Smyrna Beach, FL 32170

(c) **Blended component units**—The following component units are blended with the primary government for financial statement purposes. 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 units are appropriately presented as a fund of the primary government in the City's Comprehensive Annual Financial Report for the year ended September 30, 2019. The blended component units do not issue separate financial statements.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

The Community Redevelopment Agency (1985) of New Smyrna Beach, Florida was organized under Section 163 of the Florida Statutes and formally came into existence May 28, 1985. Although legally separate from the City, the CRA is governed by a board of directors which is comprised of the City Commission, the City manages their operations, and the component unit exclusively serves the City. The Community Redevelopment Agency (1985) of New Smyrna Beach, Florida uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

The Community Redevelopment Agency (2015) of the City of New Smyrna Beach was organized under Section 163 of the Florida Statutes and formally came into existence February 24, 2015. Although legally separate from the City, the CRA is governed by a board of directors which is comprised of the City Commission, the City manages their operations, and the component unit exclusively serves the City. The Community Redevelopment Agency (2015) of the City of New Smyrna Beach uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

(d) **Related organizations**—The City Commission is also responsible for appointing the members of the board of directors for the Housing Authority of New Smyrna Beach. 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 Commission and can only be removed for cause. The City cannot impose its will on the House Authority and does not derive any financial benefit or burden from the relationship.

(e) **Government-wide and fund financial statements**—The government-wide financial statements, comprised of the statement of net position and the statement of activities, report aggregated information for the overall government for all of the activities of the primary government and the discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services for support. Likewise, the primary government is reported separately from the legally separate component unit, for which the primary government is financially accountable

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

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Proprietary fund and pension trust fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports the following major governmental funds:

**General Fund**—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds.

**Stormwater Utility Fund**—The Stormwater Utility Fund is a special revenue fund used to maintain, repair, and improve the stormwater systems in the City. The fees are added to properly tax bills as non-ad valorem fees.

**Building Inspections Fund**—The Building Inspections Fund accounts for revenues generated from licenses and permits charged by the City to enforce State and City building codes.

**Community Redevelopment Agency Trust Fund, 1985 (CRA 1985)**—The CRA 1985 Fund is a blended component unit reported as a special revenue fund established by the City as authorized under Chapter 163, Part III, Florida Statutes, for the economic development of designated areas of the City. This fund receives special incremental ad valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

**Community Redevelopment Agency Trust Fund, 2015 (CRA 2015)**—The CRA 2015 Fund is a blended component unit reported as a special revenue fund established by the City as authorized under Chapter 163, Part III, Florida Statutes, for the economic development of designated areas of the City. This fund receives special incremental ad valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

**Capital Projects Fund**—The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those finance by proprietary and trust funds).

The City reports the following major proprietary funds:

**Municipal Golf Course Fund**—The Municipal Golf Course Fund accounts for the costs and recover of costs in the form of user charges related to the use of the 18-hole golf course owned and operated by the City. The maintenance and improvements of the golf course required to provide these goods and services are financed primarily from user charges, existing cash resources, and other City funds.

**Municipal Sanitation Fund**—The Municipal Sanitation Fund provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are recovered by user charges.

Additionally, the City reports the following nonmajor funds and fund types:

**Special Revenue Funds**—These funds account for the proceeds of specific revenue sources (other than special assessments or capital projects) which are legally restricted to finance particular functions or activities of the City.

**Debt Service Funds**—These funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. This fund type is used to provide for the debt service requirements of the City's governmental long-term debt.

**Capital Projects Funds**—These funds are used to account for financial resources that are restricted for capital projects and expansion.

**Enterprise Fund**—The City's only nonmajor enterprise fund accounts for the financial activities of the City-owned and -operated Marina. Revenues are derived from fees charged to customers.

**Internal Service Fund**—The City's only Internal Service Fund accounts for the financial activities of the Municipal Garage that provides fleet management services to other departments and agencies of the City, or to other governments, on a cost-reimbursement basis.

**Pension Trust Funds**—Pension trust funds are accounted for by the City to provide data on the accumulation of financial resources to pay pension benefits to qualified participants in the City's Police and Fire pension trust funds.

Amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances due to and due from these different types of activities within the primary government.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

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. For the City, operating revenues come from municipal golf course greens fees and related charges and refuse and recycling collection fees for sanitation services, which are the principal ongoing operations of the city's Golf Course and Sanitation funds. Operating expenses 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.

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

(g) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. On or before July 1st, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the City Manager, as needed.
- iii. A general summary of the budget and notice of public hearing is published in a local newspaper.
- iv. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- v. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with Sections 54 to 57 of the City Charter. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.
- vi. The City Commission must approve all inter-departmental budget amendments and/or appropriations transfers. Budgetary control is exercised at the department level.
- vii. Every appropriation lapses at the close of the fiscal year.

(h) **Cash and cash equivalents**—Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(i) **Deposits and investments**—The City's investment policies are governed by state statutes and local resolution. These policies authorize the City to invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest-bearing savings accounts, interest-bearing certificates of deposit, and interest-bearing time deposits.

Within the pension trust fund, the City of New Smyrna Beach's Police Officers' and Firefighters' Retirement System is authorized within certain limitations by its governing board to invest in time, savings and money market deposits, obligations of the U.S. government and government agencies, stocks, commingled funds administered by national or state banks, mutual funds, bonds and foreign securities.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

Pension trust fund investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. The average cost method is used for computing realized gains and losses on marketable equity securities in the pension funds. The difference between the excess of fair value over cost represents unrealized gains.

(j) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

(k) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption method wherein inventories are charged as expenditures when used rather than when purchased. Inventories such as the golf course pro shop are valued on a moving average cost basis. All inventories, including fleet management and fuel, are valued at cost on the first-in, first-out valuation method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, and are accounted for using the consumption method.

(l) **Restricted assets**—Certain proceeds of the City’s revenue note obligations, as well as certain resources set aside for their repayment, are classified as restricted assets in the government-wide financial statements because their use is limited by applicable bond covenants or laws/regulations imposed by other governmental agencies. The restricted assets are used to report resources set aside to (1) provide a reserve for debt service, (2) provide a reserve for maintenance and replacement costs, and (3) acquire capital assets.

(m) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (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 government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	10 – 40 years
Infrastructure	10 – 50 years
Improvements other than buildings	6 – 40 years
Machinery and equipment	1 – 30 years

(n) **Unearned revenues**—Cash received but for which the revenue recognition criteria have not been met are reported as unearned revenue in the government-wide, governmental, enterprise, and fiduciary fund financial statements. Unearned revenues recorded on the government-wide statement of net position and governmental funds balance sheet primarily consisted of business service taxes collected in advance.

Unearned revenues recorded on the business-type activities and funds statement of net position consist of memberships and rentals paid in advance and gift cards outstanding as of year-end.

(o) **Compensated absences**—It is the City’s policy to permit employees to accumulate earned but unused compensatory time, vacation, and sick pay benefits, subject to limits based on date of hire. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

(p) **Long-term obligations**—In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Original issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(q) **Deferred outflows/inflows of resources**—In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City presents a deferred amount on refunding which is reported in the proprietary funds and government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows related to pensions, discussed further in Note (16).

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items, unavailable revenues in the governmental fund balance sheets and deferred inflows related to pensions and other post-employment benefits (OPEB) in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet and is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows related to pensions are discussed further in Note (16) and deferred inflows related to OPEB are discussed further in Note (15).

(r) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – The nonspendable fund balance classification includes 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.

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the City itself, using its highest level of decision-making authority through formal action. The City Commission is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance. The City Commission has, by resolution, authorized the City Manager to assign funds for particular purposes.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(1) **Summary of Significant Accounting Policies:** (Continued)

Disbursements of fund equity will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, in the governmental funds the City will first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used.

The City has a policy establishing minimum levels of fund balance/net position for the General, Stormwater, Airport Industrial Park, Building Inspections, Sanitation, and Marina fund which is fund balance equal to 25%, 20%, 15%, 20%, 20%, and 15%, respectively, of the current fiscal year budgeted expenditures less capital outlay and transfers out not related to debt, using the adopted budget figures.

(s) **Pensions**—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 fiduciary net position of the City’s Police Officers’ and Firefighters’ pension trust funds and the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to and deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purposes, 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.

(t) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(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**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is 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. A detailed explanation of these differences is provided in this reconciliation.

(3) **Property Tax Calendar:**

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 County Property Appraiser and Chief Financial Officer. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2019, the operating and combined debt service millage rates (2019 levy) assessed by the City were 3.8416 and 0.3339 mills, respectively.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(3) Property Tax Calendar:** (Continued)

The property tax calendar is as follows:

Valuation Date	January 1																		
Property Appraiser prepares the assessment roll with values as of January 1, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1																		
City Commission holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September																		
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1																		
A Notice of Taxes is mailed to each property owner on the assessment roll.	November 1																		
Taxes may be paid November through March, with the following applicable discounts:	November 1																		
<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Month Paid</u></th> <th style="text-align: left;"><u>Discount Percent</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>November</td> <td style="text-align: center;">4 %</td> <td style="text-align: right;">November 1, 2018</td> </tr> <tr> <td>December</td> <td style="text-align: center;">3</td> <td style="text-align: right;">through</td> </tr> <tr> <td>January</td> <td style="text-align: center;">2</td> <td style="text-align: right;">March 31, 2019</td> </tr> <tr> <td>February</td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>March</td> <td style="text-align: center;">0</td> <td></td> </tr> </tbody> </table>	<u>Month Paid</u>	<u>Discount Percent</u>		November	4 %	November 1, 2018	December	3	through	January	2	March 31, 2019	February	1		March	0		
<u>Month Paid</u>	<u>Discount Percent</u>																		
November	4 %	November 1, 2018																	
December	3	through																	
January	2	March 31, 2019																	
February	1																		
March	0																		
All unpaid taxes on real and tangible personal property become delinquent.	April 1																		
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May																		
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1																		
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.	June 1																		

**(4) Cash Deposits and Investments:**

The City maintains a cash pool that is used by all funds. This pool consists of an interest-bearing checking account and a zero balance checking account.

*Deposits:* All bank balance deposit amounts are covered by federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act.

The Florida Security for Public Deposits Act, establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, City deposits in qualified public depositories are fully insured. The qualified public depository must pledge 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(4) Cash Deposits and Investments:** (Continued)

*Investments:* The City's investment policies are governed by state statutes and City Ordinances. As of September 30, 2019, no separate written investment policy had been adopted, and therefore, the City is restricted to investments as authorized under Section 218.415(17), Florida Statutes. Investments authorized under this provision of the state statutes are limited to: the Florida Local Government Surplus Funds Trust Fund (SBA), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in state-certified qualified public depositories; direct obligations of the U.S. Treasury.

Investments administered by the trustees of the City's Municipal Firefighters' Pension Trust Fund Board and Municipal Police Officers' Pension Trust Fund Board are restricted to investments as defined under state statutes; specifically, Section 175.071(a) and (b), Florida Statutes, and Section 185.06(a) and (b), Florida Statutes, respectively. The City created a policy for the Firefighters' Pension Trust Board on May 8, 2014, and a policy for the Municipal Police Officers' Pension Trust Fund on February 13, 2014. The provision under both statutes limit investments to: investment in annuity and life insurance contracts of life insurance companies; time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or savings, building and loan association insured by the Savings Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union with share accounts insured by the National Credit Union Share Insurance Fund; obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States; bonds issued by the State of Israel; and bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided that the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in case of bonds only, holds a rating in of the three highest classifications by a major rating service. Also, the board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 12 percent of the outstanding capital stock of that company.

At the close of the fiscal year, the City's pension trust funds held investments in United States government bonds, notes, money funds, corporate stocks and bonds, real estate investment trusts, a private investment fund, and an annuity contract.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. In accordance with the provisions of the state statutes governing allowable investments, the City manages its exposure to declines in fair values by limiting the maturity of specific investments to provide sufficient liquidity to pay obligations as they come due.

*Credit Risk:* Credit risk is the risk of losses due to the failure of the security issue or backer. This is mitigated by investing in the assets allowed under state statutes and by diversifying the portfolio so that potential losses on individual securities will be minimized.

*Custodial Credit Risk:* In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2019, the City's investment in the guaranteed annuity contract is not subject to custodial credit risk. The City's investments are held in street name in the form of stock, corporate bonds, and U.S. Government bonds through a financial brokerage firm segregated out from the assets and investments held by other clients of the investment firm and their own assets.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(4) Cash Deposits and Investments:** (Continued)

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The City has no investments in foreign currencies.

*Concentration of Credit Risk:* The provisions under Sections 218.415(17), 185.06(b), and 175.071(b), Florida Statutes, for general investments, and investments held by the trustees for the Municipal Police Officers' and Municipal Firefighters' Pension Trust Funds, respectively, generally limit the City's investment to securities that by their nature are either guaranteed by a life insurance company or the United States, or have the highest credit rating. With respect to investments in common or capital stock the City is restricted to investing not more than 5 percent of its total assets held in the pension trust funds in any one issuing company. These provisions exist to limit the concentration of credit risk that can arise from the failure to adequately diversify investments.

*Fair Value:* The City measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines. These guidelines recognize a three-tiered 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are 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; and 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 asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

*Debt and equity securities* – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique based on the price or yield of similar debt securities.

*Mutual funds* – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments.

*Fixed income annuity contracts* – Fixed income annuity contracts are valued using quoted prices in active markets in Level 1 of the fair value hierarchy.

*Real estate investment trusts* – Real estate investment trusts are valued using quoted prices in active markets in Level 1 of the fair value hierarchy.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(4) Cash Deposits and Investments:** (Continued)

*Real estate funds and private investment fund* – Real estate funds and the private investment fund are valued at net asset value (NAV), which approximates fair value.

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

As of September 30, 2019, the City had the following deposits and investments:

Investment Type	Credit Quality Rating	Carrying Value	Weighted Average Investment Maturities (in Years)			Fair Value Hierarchy Classification
			Less Than 1	1 – 5	6-10	
Common stock	N/A	\$ 13,671,758	\$ 13,671,758	\$ -	\$ -	Level 1
Government bonds	AAA	3,277,489	957,812	1,737,973	581,704	Level 2
Corporate bonds	A- to AAA	2,458,864	300,429	2,158,435	-	Level 2
Mutual funds	N/A	13,060,993	13,060,993	-	-	Level 1
Fixed income annuity contracts	N/A	2,758,730	2,758,730	-	-	Level 2
Real estate investments	N/A	4,143,552	4,143,552	-	-	NAV
Private investment fund	N/A	23,226	23,226	-	-	NAV
Total fiduciary fund investments		39,394,612	34,916,500	3,896,408	581,704	
City cash & cash equivalents		38,494,175	N/A	N/A	N/A	N/A
Pension cash & cash equivalents		2,002,964	N/A	N/A	N/A	N/A
Total carrying value of cash & cash equivalents and investments		\$ 79,891,751	\$ 34,916,500	\$ 3,896,408	\$ 581,704	

*Private investment fund* – The fund primarily invests in units of alternative funds that specialize in a variety of investment strategies and types of investments. The fund was formed as closed-end management investment company and will have perpetual existence unless terminated by the ownership. Because the fund offers shares of beneficial interest at net asset value per share, the fair value of the investment has been determined using the NAV per share (or its equivalent) of the City’s ownership interest in the fund.

*Real estate funds* – The real estate funds invest primarily in U.S. commercial and multi-family residential real estate. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The funds were formed as open-ended investments and will have perpetual existence unless terminated by the ownership (partners). Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the City’s ownership interest in partners’ capital.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(4) Cash Deposits and Investments:** (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Private investment fund	\$ 23,226	None	N/A	N/A
Real estate fund	1,595,391	None	Quarterly	60 days prior to the end of the quarter
Real estate fund	2,548,161	None	Quarterly	Last day of the calendar quarter during which the Fund receives the notice
Total	<u>\$ 4,166,778</u>			

**(5) Accounts Receivable:**

The City's receivables consisted of the following at September 30, 2019:

	<u>Special Assessments Receivable</u>	<u>Gross Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
<b>Governmental Activities:</b>				
General Fund	1,106,033	287,395	-	1,393,428
Special Revenue Funds:				
Building Inspections	-	211,070	-	211,070
Airport Industrial Park	-	186,422	(49,886)	136,536
Beach Parking	-	8,460	-	8,460
Internal Service Fund	-	1,902	-	1,902
Total – Governmental Activities	<u>1,106,033</u>	<u>695,249</u>	<u>(49,886)</u>	<u>1,751,396</u>
<b>Business-Type Activities:</b>				
Golf Course	-	18,965	-	18,965
Sanitation	-	6,392	-	6,392
Municipal Marina	-	5,001	-	5,001
Totals – Business-Type Activities	<u>-</u>	<u>30,358</u>	<u>-</u>	<u>30,358</u>
Totals	<u>1,106,033</u>	<u>\$ 725,607</u>	<u>\$ (49,886)</u>	<u>\$ 1,781,754</u>
<b>Component Unit</b>	<u>\$ -</u>	<u>\$ 8,528,767</u>	<u>\$ (529,952)</u>	<u>\$ 7,998,815</u>



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(6) Interfund Loans, Advances, Fees, and Transfers:**

At September 30, 2019, individual fund advances to and from other funds for the primary government were comprised of the following:

	<b>Advance To Other Funds</b>	<b>Advance From Other Funds</b>
Governmental Activities:		
General Fund	\$ 777,519	\$ -
Business-type Activities:		
Golf Course Fund	-	777,519
Totals – All Funds	\$ 777,519	\$ 777,519

The interfund loan from the general fund to the municipal golf course fund was made to cover operating costs of the golf course in excess of revenues received by the golf course. The loan payable by the municipal golf course fund to the general fund bears interest at a variable rate, based on the average annual yield of the City’s invested cash and cash equivalents. For the year ended September 30, 2019, the applicable interest rate on the loan was .25% per annum and total interest charged on the loan was \$991. The loan will balloon in 2025, if the principal has not been paid off with the use of available cash.

At September 30, 2019, individual fund interfund receivables and payables for the primary government were comprised of the following:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
Business-type Activities:		
Sanitation Fund:		
Golf Course Fund	\$ 95,813	\$ -
Golf Course Fund:		
Sanitation Fund	-	95,813
Total – All Funds	\$ 95,813	\$ 95,813

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made.

	<b>Due From Component Unit</b>	<b>Due to Primary Government</b>
Primary Government:		
General Fund	\$ 594,451	\$ -
Sanitation Fund	543,117	-
Component Unit:		
Utilities Commission, City of New Smyrna Beach	-	1,137,568
Total	\$ 1,137,568	\$ 1,137,568

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(6) **Interfund Loans, Advances, Fees, and Transfers:** (Continued)

Amounts due to the City from the City's component unit arose from franchise fees, utility taxes, and user fees collected by the Utilities Commission on behalf of the City.

In fiscal year 2018, pursuant to Ordinance No. 31-18, the City levied a special assessment for certain benefiting property owners to fund sanitary sewer improvements along State Road 44. The sanitary sewer improvements will be constructed by the Utilities Commission and the Utilities Commission will retain ownership of the improvements. Related to the special assessment, the City entered into an agreement with the Utilities Commission under which the City, with the exception of \$20,000 to reimburse the City for initial costs incurred, will remit all funds collected from this special assessment to the Utilities Commission to fund these improvements. At September 30, 2019, \$661,953 of the principal portion of the special assessment is reported as due to component unit.

Transfers are used to move monies from various funds to debt service funds as debt service principal and interest payments become due and move funds to finance various programs, provide grant matching funds, or to subsidize operations that the City must account for in other funds in accordance with budgetary authorizations. During the year ended September 30, 2019, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<b>Governmental Activities</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Transfers Out</b>
Governmental Activities:				
General Fund	\$ -	\$ -	\$ 1,016,160	\$ 1,016,160
Stormwater Utility Fund	-	-	808,452	808,452
Nonmajor Governmental Funds:				
Debt Service Fund	-	8,939,900	-	8,939,900
Business-type Activities:				
City Marina Fund	97,566	-	-	97,566
Total Transfers In	\$ 97,566	\$ 8,939,900	\$ 1,824,612	\$ 10,862,078

The general fund and stormwater utility fund transferred funds to the debt service fund for debt service payments. The nonmajor debt service fund transferred funds to the capital projects fund which represented cash from the issuance of the 2019 General Obligation Note. The nonmajor city marina fund transferred funds to the general fund to cover administrative services provided to the marina.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**(7) Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 29,013,058	\$ 8,941,230	\$ -	\$ 37,954,288
Easements	240,947	-	-	240,947
Construction in progress	16,328,010	5,397,145	(4,823,826)	16,901,329
Total capital assets, not being depreciated	<u>45,582,015</u>	<u>14,338,375</u>	<u>(4,823,826)</u>	<u>55,096,564</u>
Capital assets, being depreciated –				
Buildings and improvements	70,851,020	4,628,327	(7,675)	75,471,672
Infrastructure	46,108,668	175,295	-	46,283,963
Machinery and equipment	18,166,147	1,543,717	(255,093)	19,454,771
Total capital assets, being depreciated	<u>135,125,835</u>	<u>6,347,339</u>	<u>(262,768)</u>	<u>141,210,406</u>
Less accumulated depreciation for–				
Buildings, improvements	(30,962,070)	(1,860,546)	5,196	(32,817,420)
Infrastructure	(12,481,460)	(1,950,505)	-	(14,431,965)
Machinery and equipment	(10,267,083)	(1,240,928)	255,093	(11,252,926)
Total accumulated depreciation	<u>(53,710,613)</u>	<u>(5,051,979)</u>	<u>260,289</u>	<u>(58,502,311)</u>
Total capital assets, being depreciated, net	<u>81,415,222</u>	<u>(1,295,360)</u>	<u>(2,479)</u>	<u>82,708,095</u>
Governmental activities capital assets, net	<u>\$ 126,997,237</u>	<u>\$ 15,633,735</u>	<u>\$ (4,826,305)</u>	<u>\$ 137,804,659</u>
Business-type activities:				
Capital assets, being depreciated –				
Buildings and improvements	423,289	-	-	423,289
Infrastructure	323,148	-	-	323,148
Machinery and equipment	681,650	164,006	(160,063)	685,593
Total capital assets, being depreciated	<u>1,428,087</u>	<u>164,006</u>	<u>(160,063)</u>	<u>1,432,030</u>
Less accumulated depreciation for –				
Buildings and improvements	(30,085)	(14,261)	-	(44,346)
Infrastructure	(14,996)	(15,718)	-	(30,714)
Machinery and equipment	(318,878)	(134,855)	119,404	(334,329)
Total accumulated depreciation	<u>(363,959)</u>	<u>(164,601)</u>	<u>119,404</u>	<u>(409,389)</u>
Total capital assets, being depreciated, net	<u>1,064,128</u>	<u>(828)</u>	<u>(40,659)</u>	<u>1,022,641</u>
Business-type activities capital assets, net	<u>\$ 1,064,128</u>	<u>\$ (828)</u>	<u>\$ (40,659)</u>	<u>\$ 1,022,641</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(7) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 604,490
Public safety	1,089,158
Transportation	513,959
Economic environment	722,052
Physical environment	1,150,575
Culture and recreation	935,856
Buildings and maintenance	14,193
Garage – Internal service fund	21,696
Total depreciation expense - governmental activities	<u>\$ 5,051,979</u>
Business-type activities:	
Golf course	\$ 150,185
Sanitation	-
City Marina	14,416
Total depreciation expense - business-type activities	<u>\$ 164,601</u>

(8) **Commitments and Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

The City had active construction projects as of September 30, 2019. At year-end the City's commitments with contractors were as follows:

	<b><u>Outstanding Commitment</u></b>
General fund	\$ 527,523
Airport fund	157,987
Stormwater utility	600,055
Capital projects fund	4,031,853
Total outstanding commitments	<u>\$ 5,317,418</u>

Airport improvements are mainly funded by federal and state matching grants. Stormwater utility improvement projects are primarily funded by debt and stormwater utility tax revenue. Capital projects, general, and other fund commitments are funded by general tax revenue.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(8) **Commitments and Contingencies:** (Continued)

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2019. The outcomes of established claims are included in these financial statements. In the opinion of the City’s legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(9) **Encumbrances:**

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments are recorded in order to reserve the portion of appropriates necessary to liquidate the commitment. Non-capital related encumbrances outstanding are cancelled and are not re-appropriated; however, encumbrances outstanding at year-end for capital projects are cancelled and re-appropriated in the succeeding year’s budget by way of a budget amendment. These amounts are recorded as part of restricted, committed, or assigned fund balances, depending on the classification of the resources that will be used to liquidate the encumbrance in a subsequent fiscal year. At September 30, 2019, encumbrances were reported under various fund balance classifications within the following funds:

	<b>Outstanding Encumbrances</b>
General fund	\$ 527,523
Airport fund	157,987
Stormwater utility	600,055
Capital projects fund	4,031,853
Total outstanding encumbrances	\$ 5,317,418

(10) **Long-Term Liabilities:**

**A. Capital Leases**

**Governmental activities:**

In September 2016, the City entered into a capital lease for the acquisition of one fire truck and two fire engines valued at \$1,999,328. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments. The general fund is responsible for all payments on the lease, which are due in semi-annual installments of \$108,522, including interest at 1.71%. The assets acquired through capital leases are included in governmental activities – machinery and equipment at an acquisition value of \$1,999,328, with \$235,298 of associated accumulated depreciation, resulting in a net book value of \$1,764,030 at September 30, 2019.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(10) **Long-Term Liabilities:** (Continued)

The future minimum lease payments and the net present value as of September 30, 2019, were as follows:

Year Ending September 30,	Amount
2020	\$ 217,043
2021	217,043
2022	217,043
2023	217,043
2024	217,043
2025 - 2026	434,086
Total minimum lease payments	1,519,301
Less: amounts representing interest	(93,378)
Present value of minimum lease payments	\$ 1,425,923

**Business-type activities:**

In November 2015, the City entered into a capital lease for the acquisition of golf carts valued at \$163,570. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments. The golf course fund is responsible for all payments on the lease, which were due in monthly installments of \$3,490 through December 2019 and \$3,692 for the remainder of the lease term, including interest at 3.14%. In December 2018 the City terminated the lease early, disposed of the golf carts under the former lease, and entered into a new capital lease for the acquisition of golf carts.

In December 2018, the City entered into a capital lease for the acquisition of golf carts valued at \$164,006. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments. The golf course fund is responsible for all payments on the lease, which are due in quarterly installments of \$11,126, including interest at 4.45%. The assets acquired through capital leases are included in governmental activities – machinery and equipment at an acquisition value of \$164,006, with \$26,331 of associated accumulated depreciation, resulting in a net book value of \$137,675 at September 30, 2019.

The future minimum lease payments and the net present value as of September 30, 2019, were as follows:

Year Ending September 30,	Amount
2020	\$ 44,504
2021	44,504
2022	44,504
2023	11,126
Total minimum lease payments	144,638
Less: amounts representing interest	(9,706)
Present value of minimum lease payments	\$ 134,932

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(10) **Long-Term Liabilities:** (Continued)

**B. Notes and Loans Payable**

**Governmental activities:**

The City has entered into several long-term debt obligations where it pledges specific income streams or income derived from the acquired or constructed assets to pay debt service. Notes and loans payable in the City's governmental activities at September 30, 2019, were comprised of the following obligations:

<p>\$5,000,000 Stormwater Revenue Note, Series 2017 was issued March 15, 2017, at an interest rate of 2.24% to fund construction of stormwater management improvements related to the Islesboro subdivision stormwater project. Principal and interest payments of \$280,436 are due semi-annually on November 1 and May 1 of each year until final maturity on March 1, 2027. The note is secured by a lien and pledge of the City's stormwater utility fees.</p>	\$ 4,104,427
<p>Islesboro Subdivision Project Utilities Commission loan payable was established via agreement with the Utilities Commission on February 3, 2017, for an amount up to \$850,000 at an interest rate of 2.18% to finance the cost of replacement of septic tanks through the extension of sanitary sewer gravity mains and services with the Islesboro subdivision. Principal and interest payments of \$62,508 are due annually on January 1 of each year until final maturity on January 1, 2023. The loan is secured by annual revenues the City collects from the Utilities Commission.</p>	236,976
<p>\$10,595,000 General Obligation Refunding Note, Series 2014 was issued at an interest rate of 1.95% on September 16, 2014, to refund the City's outstanding General Obligation Bonds, Series 2005. Principal and interest payments are due on July 1 of each year until final maturity on July 1, 2024. The general obligation note is secured by full faith, credit, and taxing power as pledged by the City.</p>	5,533,000
<p>\$9,500,000 General Obligation Note, Series 2019 was issued August 29, 2019, at an interest rate of 2.45% to finance the costs of the acquisition of lands along the Turnbull Creek Watershed. Principal and interest payments are due annually on July 1 of each year until final maturity on July 1, 2039. The general obligation note is secured by full faith, credit, and taxing power as pledged by the City.</p>	9,500,000
<p>\$6,140,000 Capital Improvement Refunding Revenue Note, Series 2014 was issued September 16, 2014, at an interest rate of 2.74% to refund the City's outstanding Capital Improvement Refunding Revenue Bonds, Series 2005. Interest payments are payable semi-annually on April 1 and October 1. Principal payments are due annually on October 1 of each year until final maturity on October 1, 2029. The note is secured by a lien and pledge of the non-ad valorem tax revenues and any other revenue appropriated by the City.</p>	4,450,000
<p>\$10,000,000 Capital Improvement Revenue and Refunding Note, Series 2018 was issued May 10, 2018, at an interest rate of 3.17% to finance capital projects and to refund the City's outstanding Capital Improvement Revenue Note, Series 2013. Interest payments are payable semi-annually on April 1 and October 1. Principal payments are due annually on October 1 of each year until final maturity on October 1, 2033. The note is secured by a pledge of non-ad valorem and other revenue appropriated by the City.</p>	9,738,000

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(10) Long-Term Liabilities:** (Continued)

<p>\$2,254,670 State Revolving Fund Loan Agreement executed with the Florida Department of Environmental Protection (FDEP) on June 30, 1999, to provide State Revolving Fund assistance for the construction of stormwater system improvements. The loan proceeds were disbursed on a reimbursement basis with loans made at various interest rates. The original award of \$959,000 was loaned in June 1999 at a fixed interest rate of 3.03%, with the first amendment award of \$1,010,000 loaned in December 2001 at a fixed interest rate of 3.05%, and the final amendment award of \$285,670 loaned in March 2002 at a fixed interest rate of 3.07%. Principal and interest payments of \$76,516 are due semi-annually on May 15 and November 15 of each year until final maturity on November 15, 2020. The loan is secured by a pledge of the City's stormwater utility fees.</p>	\$ 222,728
<p>\$651,331 State Revolving Fund Loan Agreement executed with FDEP on August 12, 2002, at an interest rate of 3.09% to provide State Revolving Fund assistance for the construction of additional stormwater system improvements. Principal and interest payments of \$20,204 are due semi-annually on February 15 and August 15 of each year until final maturity on February 15, 2023. The loan is secured by a pledge of the City's stormwater utility fees.</p>	133,077
<p>\$519,326 State Revolving Fund Loan Agreement executed with FDEP on December 31, 2003, at an interest rate of 2.96% to provide State Revolving Fund assistance for the construction of additional stormwater system improvements. Principal and interest payments of \$16,655 are due semi-annually on May 15 and November 15 of each year until final maturity on May 15, 2024. The loan is secured by a pledge of the City's stormwater utility fees.</p>	153,759
<p>\$457,257 State Revolving Fund Loan Agreement executed with FDEP on September 19, 2006, at an interest rate of 2.47% to finance costs related to the Central Beach Phase 2 Flood Mitigation Improvements Project. Principal and interest payments of \$10,000 are due semi-annually on January 15 and July 15 of each year until final maturity on July 15, 2028. The loan is secured by a pledge of the City's stormwater utility fees.</p>	160,690
Total governmental activities	34,232,657
Less: current maturities	(2,898,008)
Total governmental activities long-term debt	<u>\$ 31,334,649</u>

**Business-type activities:**

The City had no outstanding notes or loans payable in its business-type activities.



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(10) **Long-Term Liabilities:** (Continued)

**C. Changes in Long-Term Debt and Liabilities**

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Notes and loans payable:					
Capital improvement notes	\$ 14,795,000	\$ -	\$ (607,000)	\$ 14,188,000	\$ 759,000
Stormwater notes	4,563,086	293,094	(514,777)	4,341,403	528,966
General obligation notes:	6,576,000	9,500,000	(1,043,000)	15,033,000	1,381,000
State Revolving Fund loans	<u>892,572</u>	<u>-</u>	<u>(222,318)</u>	<u>670,254</u>	<u>229,042</u>
Total notes and loans payable	26,826,658	9,793,094	(2,387,095)	34,232,657	2,898,008
Capital lease obligations	1,616,069	-	(190,146)	1,425,923	193,420
Compensated absences	<u>1,397,585</u>	<u>1,208,260</u>	<u>(1,118,473)</u>	<u>1,487,372</u>	<u>232,427</u>
Governmental activities – Total long-term liabilities	<u>\$ 29,840,312</u>	<u>\$ 11,001,354</u>	<u>\$ (3,695,714)</u>	<u>\$ 37,145,952</u>	<u>\$ 3,323,855</u>
<b>Business-type activities:</b>					
Capital lease obligations	\$ 55,818	\$ 164,006	\$ (84,892)	\$ 134,932	\$ 39,462
Compensated absences	<u>165,491</u>	<u>110,443</u>	<u>(147,927)</u>	<u>128,007</u>	<u>11,515</u>
Business-type activities – Total long-term liabilities	<u>\$ 221,309</u>	<u>\$ 274,449</u>	<u>\$ (232,819)</u>	<u>\$ 262,939</u>	<u>\$ 50,977</u>
<b>Utilities Commission:</b>					
Utilities revenue certificates	\$ 28,340,000	\$ -	\$ (5,595,000)	\$ 22,745,000	\$ 5,520,000
Component unit – Total bonds payable	<u>\$ 28,340,000</u>	<u>\$ -</u>	<u>\$ (5,595,000)</u>	<u>\$ 22,745,000</u>	<u>\$ 5,520,000</u>

Internal service funds predominately serve the governmental funds. Accordingly, \$15,294 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

The above Utilities Commission long-term debt presentation contains highly summarized select data. A more detailed debt presentation is available in the Utilities Commission's separately issued financial report, which may be obtained by contacting the administrative office, as discussed in Note (1)(b).

Annual debt service requirements to maturity for the City's governmental activities notes and loans payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,898,008	\$ 825,760	\$ 3,723,768
2021	2,945,294	796,571	3,741,865
2022	2,947,540	728,562	3,676,102
2023	2,998,297	659,305	3,657,602
2024	2,987,959	588,740	3,576,699
2025-2029	8,631,490	2,102,121	10,733,611
2030-2034	7,984,069	979,086	8,963,155
2035-2039	<u>2,840,000</u>	<u>212,097</u>	<u>3,052,097</u>
Total	<u>\$ 34,232,657</u>	<u>\$ 6,892,242</u>	<u>41,124,899</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(11) Tax Abatements:**

The City has adopted a tax abatement program in accordance with Florida Statute 196.1995. The abatement program was approved by the City Commission via Ordinance No. 73-14 and approved by the voters during a November 2014 referendum. The program allows a qualifying business to apply for tax reductions of up to 100% of the City's assessed millage for up to ten years for meeting certain requirements. Each tax abatement application is considered on a case-by-case basis by the City Commission. The City entered into an abatement agreement with a company effective March 31, 2018. For the year ended September 30, 2019, the City had zero abated for property taxes.

**(12) 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; injuries to employees; and natural disasters, all of which are, in the opinion of management, satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City has identified specific locations which may require site remediation due to various soil and groundwater pollutants. An assessment has been performed at two locations on the City's airport property as well as at the City garage. As of September 30, 2019, no costs of cleanup have been determined with regards to the airport sites, rather the possible contaminated portions of the property have been roped off so as not to be disturbed. The garage property is undergoing additional assessments to determine the extent of the pollution. If it is determined the City is liable for clean-up, the maximum exposure to the City will be the pollution remediation insurance deductible of \$25,000. All estimates of liability are subject to change over time due to changes in the costs of goods and services, changes in remediation technology, or changes in laws and regulations governing remediation efforts.

**(13) Fund Deficits:**

The golf course proprietary fund had unrestricted net position deficit of \$1,507,788 at September 30, 2019. The deficit is primarily a result of expenses exceeding revenues over time. In the next year the golf course fund is being merged into the general fund.

**(14) Deferred Employee Benefits:**

The City provides its employees with a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of these plans are administered by the International City Managers Association Retirement Corporation. The plans have been amended to include provisions changed by the Economic Growth and Tax Relief Reconciliation Act of 2001. Annual contributions, determined by the participant, may not exceed the lesser of \$18,500 or 100% of gross annual compensation for plan years beginning in 2018. Deferred compensation withheld from a participating employee's pay is taxable as current income. Such compensation is not available to the employees until employment termination, retirement, or death. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(15) Other Postemployment Benefits (OPEB):**

**Plan Description**—City of New Smyrna Beach, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to 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. Eligible individuals include all regular employees of the City who retire from active service either under disability or after attaining age 62 or at least 30 years of service for general employees, or after attaining age 55 or at least 25 years of service for sworn employees. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

**Funding Policy**—The contribution requirements of plan members and the City are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The City has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The City utilizes the General Fund to liquidate the liability for the OPEB obligation from previous years.

**Benefits Provided**—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

**Plan Membership**—At October 1, 2018, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	187
Inactive Employees	24
	211

**Total OPEB Liability**—The City’s total OPEB liability of \$2,309,472 was measured as of September 30, 2019, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**—The total OPEB liability in the September 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Discount rate		3.58%
Salary increases		3.00%
Healthcare cost trend rate	7.50% graded down by 0.50% per year to 5.00% in FY2024	
Age-related morbidity		3.50%
Retirees’ share of benefit-related costs		100.00%

*Discount rate:* The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2019.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(15) Other Postemployment Benefits (OPEB):** (Continued)

*Mortality rates:* Mortality rates were based on the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational mortality improvement using Scale MP-2017.

*Plan choice:* Current and future retirees are assumed to elect coverage in accordance with their current election, except that those who have selected the T66 HMO or T56 HMO plans are assumed to select the T42 HMO plan upon retirement and those who have selected the 3559 PPO plan are assumed to select the 37 48 PPO plan upon retirement.

*Implied Subsidy:* Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$450 for the retiree and \$300 for the retiree’s spouse under the HMO plan or \$350 for the retiree and \$475 for the retiree’s spouse under the PPO plan has been assumed at age 62 for FY2019; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.

*Retirement:* For general employees, retirement is assumed to occur at age 62 with 10 years of service or at any age with 30 years of service; for firefighters, retirement is assumed to occur at age 55 with 10 years of service or at any age with 25 years of service; for police officers, retirement is assumed to occur at age 55 with 10 years of service, or at any age with 20 years of service.

*Other decrements:* Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for police officers).

*Coverage Election:* 25% of eligible employees are assumed to elect medical coverage upon retirement or disability, with 50% of electing retirees also covering their spouse.

*Spouses and dependents:* Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.

*COBRA:* Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation, because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

For the fiscal year ended September 30, 2019, changes in the total OPEB liability were as follows:

Balance at September 30, 2018	\$ 3,084,980
Changes for a year:	
Service cost	86,745
Interest	111,471
Demographic experience	(242,684)
Changes of assumptions	(613,988)
Benefit payments – implicit rate subsidy	(117,052)
Net changes	<u>(775,508)</u>
Balance at September 30, 2019	<u>\$ 2,309,472</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
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(15) **Other Postemployment Benefits (OPEB):** (Continued)

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the City calculated using the discount rate of 3.58%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,617,045	\$ 2,309,472	\$ 2,059,196

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

The following presents the total OPEB liability of the City calculated using healthcare cost trend rate of 7.5% graded down to 5.00%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates (7.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,025,558	\$ 2,309,472	\$ 2,658,793

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2019; the City recognized OPEB expense of \$35,708. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Demographic changes	\$ -	\$ 209,576
Changes of assumptions	-	530,224
Total	\$ -	\$ 739,800

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30,</u>		
2020	\$	(116,872)
2021		(116,872)
2022		(116,872)
2023		(116,872)
2024		(116,872)
Thereafter		(155,440)

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(16) Employee Retirement Systems and Pension Funds:**

**A. Florida Retirement System**

**Plan Description and Administration**

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the entity's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS 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. 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. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the 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.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
 Division of Retirement, Research and Education Services  
 P.O. Box 9000  
 Tallahassee, FL 32315-9000  
 850-488-5706 or toll free at 877-377-1737

**Contributions**

The entity participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2019, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2019</b>	<b>After June 30, 2019</b>
Regular Class	8.26%	8.47%
Senior Management	24.06%	25.41%
Special Risk	24.50%	25.48%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

For the plan year ended June 30, 2019, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$	98,988
Entity Contributions – HIS		9,997
Employee Contributions – FRS		18,068

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2019, the entity reported a liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 1,099,421
HIS	201,445
Total	\$ 1,300,866

The net pension liability was measured as of June 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 entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2019 and June 30, 2018, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2019</b>	<b>2018</b>
FRS	0.003192409%	0.003346022%
HIS	0.001800389%	0.002003954%

For the year ended June 30, 2019, pension expense was recognized related to the FRS and HIS plans as follows:

<b>Plan</b>	<b>Pension Expense</b>
FRS	\$ 276,958
HIS	(5,393)
Total	\$ 271,565



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

*Deferred outflows/inflows related to pensions:*

At September 30, 2019, the entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 65,210	\$ (682)	\$ 2,447	\$ (247)
Changes of assumptions	282,379	-	23,325	(16,465)
Net difference between projected and actual investment earnings	-	(60,826)	130	-
Change in proportionate share	21,665	(125,387)	690	(79,649)
Contributions subsequent to measurement date	32,569	-	3,006	-
	<u>\$ 401,823</u>	<u>\$ (186,895)</u>	<u>\$ 29,598</u>	<u>\$ (96,361)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2020	\$ 22,636
2021	36,317
2022	57,201
2023	28,509
2024	6,979
Thereafter	(39,052)
Total	<u>\$ 112,590</u>

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.90%. This rate decreased from the prior year rate, which was 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(16) Employee Retirement Systems and Pension Funds:** (Continued)

Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.87%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2019, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	3.3%
Fixed income	18.0%	4.1%
Global equities	54.0%	8.0%
Real estate	10.0%	6.7%
Private equity	11.0%	11.2%
Strategic investments	6.0%	5.9%
Total	100.0%	

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity’s net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.90%	\$ 1,900,533	\$ 1,099,421	\$ 430,357
HIS	3.50%	229,960	201,445	177,696

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

**B. General Employees – Defined Contribution Plan**

The City contributes to a defined contribution plan which is administered by the ICMA-RC, PO Box 96220, Washington, DC 20090-6220. The City established the plan for all regular full time and regular part time employees hired on or after January 1, 1996 by revoking its participation in the FRS, with respect to such employees. All qualifying employees at least 18 years of age participate in the plan on the date of employment. Normal retirement and disability benefits are available after 5 years of service and attaining age 62.

Early retirement and disability benefits are available after 5 years of service and attaining age 55. Employer contributions to the plan are 8% of the employee gross wages. Employees may make supplemental contributions to the extent permitted by law. The City Commission has the authority to amend the Plan's provisions including any amendments to the contribution rate.

Employer contributions to the defined contribution plan for the years ended September 30, 2019, 2018, and 2017, were \$590,163, \$518,836, and \$508,904, respectively. Employee contributions to the defined contribution plan for the years ended September 30, 2019, 2018, and 2017, were \$31,132, \$17,861, and \$19,034, respectively.

**C. Municipal Police Officers' and Firefighters' Defined Benefit Pension Plans**

The City maintains and administers separate single-employer pension plans for all eligible police officers and firefighters, which assets are included in the Municipal Police Officers' Retirement Trust Fund (the "Police Plan") and the Municipal Firefighters' Pension Trust Fund (the "Fire Plan"). The plans do not issue stand-alone financial reports and are not included in any other retirement systems or entities financial report.

**Plan Description and Administration**

All certified police officers and firefighters are eligible to participate in the respective plans after a six month probationary period. Benefits vest with eligible employees after ten years of participation. The funding methods and the determination of benefits payable are provided in the various acts of the Florida Legislature, which created the funds, including subsequent amendments thereto. These statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, State appropriations and income from investments from accumulated funds. The statutes also provide that should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the funds by an appropriation from current funds or from any revenues which may be lawfully used for said purposes in an amount sufficient to make up the deficiency. The investments of the two funds are administered, managed, and operated by their respective boards of trustees using the services of the City staff and local financial institutions.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

The Plans are administered by a Board of Trustees comprised of the following:

*Police Plan*—Two legal residents of the City, appointed by the City Commission; two members of the Plan elected by a majority of the police officers who are members of the Plan; and a fifth trustee who is chosen by a majority of the first four trustees.

*Fire Plan*—Two legal residents of the City, appointed by the City Commission; two members of the Plan elected by a majority of the firefighters who are members of the Plan; and a fifth trustee who is chosen by a majority of the first four trustees.

**Benefits Provided and Employees Covered**

Each Plan provides retirement, termination, disability, and death benefits to plan participants and beneficiaries. Current membership in the employee retirement plans was composed of the following at October 1, 2018:

	<b>Police Plan</b>	<b>Fire Plan</b>
Inactive plan members or beneficiaries currently receiving benefits	50	46
Inactive plan members entitled to but not yet receiving benefits	20	9
Active plan members	42	36
Total plan membership	112	91

**Financial Statements**

The financial statements of the plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value and are managed by an independent third party money manager.

Investments that do not have an established market are reported at estimated fair value. Performance reporting, administrative expenses, and the City’s asset valuation are based on the custodians’ determination of value. Administrative costs of the Plan are financed through investment earnings or, at the exclusive option of the City, from expense reimbursements made by the City.

**Contributions**

The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government’s actuarial reports by a State Bureau at least every third year. Authority to establish and amend benefits rests with the City Commission. The employer contribution requirements are actuarially determined.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

The City participates under Chapters 175 and 185, Florida Statutes, in establishing its own Municipal Police Officers' and Firefighters' Retirement Trust Funds. As a participating city, the City receives annual distributions of fire insurance premium tax and casualty insurance premium tax on property and casualty insurance policies written within the City's legal limits. The tax monies are collected by the Florida Department of Revenue and disbursed by the Florida Division of Retirement to each participating city or district. Amounts received by the City are legally restricted to be deposited directly into the respective retirement trust funds. These contributions are recorded and recognized in the General Fund as intergovernmental revenue with a corresponding expenditure reported in Public Safety personal service costs.

The City uses the Entry Age Normal Actuarial Cost Method for both Plans to determine required contribution under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. These are acceptable methods to the State of Florida.

**Police Officers' Pension Plan**

*Normal retirement:* Normal retirement occurs at the earlier of: 1) age 55 and the completion of 10 years of credited service, or 2) the completion of 20 years of credited service, regardless of age. Pension benefits are paid at 3.0% of Average Final Compensation (AFC) times credited service.

*Early retirement:* A member is eligible for early retirement upon attaining age 50 and 10 years of credited service. Pension benefits under early retirement are determined as for normal retirement and reduced 3.0% for each year that early retirement precedes normal retirement.

*Disability:* Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred disability vests after 10 years of credited service. Benefits are accrued to date of disability. The minimum benefit for service incurred is 42% of AFC and 25% of AFC for non-service incurred.

*Pre-retirement death benefits:* For vested or eligible-to-retire members, a monthly benefit equal to 50% of the member's AFC is payable for the life of the spouse or date there is no longer a surviving dependent. For non-vested members, the Plan provides a refund of the required contribution account.

*Termination of employment:* If a member terminates employment with the City in less than 10 years, the member receives a refund of accumulated contributions without interest. If a member terminates employment with the City after 10 years or more of credited service, the member receives a refund of contributions with an actuarially discounted benefit payable upon reaching retirement age or the accrued benefit payable at retirement age.

*Contributions:* Effective October 1, 2014, all members will contribute 10% of their salary. For City and State contributions, it is the remaining amount required in order to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII, Chapter 112, Florida Statutes.

*Concentrations:* The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

**Firefighters' Pension Plan**

*Normal retirement:* Normal retirement occurs at the earlier of: 1) age 55 and the completion of 10 years of credited service, or 2) the completion of 25 years of credited service, regardless of age. Pension benefits are paid at 3.0% of average final compensation times credited service for members hired before July 1, 2012, and are paid at 2.0% of average final base compensation times credited service for members hired on and after July 1, 2012.

*Early retirement:* A member is eligible for early retirement upon attaining age 50 and 10 years of credited service. Pension benefits under early retirement are determined as for normal retirement and reduced 3.0% for each year that early retirement precedes normal retirement.

*Disability:* Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred disability vests after 5 years of credited service. Benefits are accrued to date of disability. The minimum benefit for service incurred is 42% of AFC and 25% of average monthly earnings for non-service incurred.

*Vesting:* A member is fully vested (100%) after 10 years of credited service. A member will receive the vested portion of their accrued benefit payable at the otherwise normal retirement date. *Pre-retirement death benefits:* For pre-retirement death in the line of duty, 50% of AFC is payable for the life of the spouse. For the pre-retirement death of a member (not in the line of duty) with less than 10 years of credited service, the Plan provides a refund of accumulated contributions. In the event of the pre-retirement death of a member (not in the line of duty) with more than 10 years of credited service, the Plan provides a monthly spouse benefit assuming the member retired and selected 50% Joint and Survivor Annuity.

*Contributions:* Effective October 1, 2014, all members will contribute 10% of their base compensation. City and State contributions make up the remaining amount required in order to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII, Chapter 112, Florida Statutes.

*Concentrations:* The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

**Investment Policy**

See Note (4) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2019:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	
	<u>Police Plan</u>	<u>Fire Plan</u>
Domestic equity	45.0%	50.0%
International equity	15.0%	10.0%
Bonds/US Corps Bonds-Core	25.0%	27.5%
Hedge Funds	n/a	5.0%
Real estate	10.0%	7.5%
Cash	5.0%	n/a

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

*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 the Police and Fire Pension Plan investments, net of pension plan investment expense, was 4.81%, and 2.53%, respectively.

**Net Pension Liability**

*Deferred Retirement Option Program (DROP):* The provisions for DROP for both Plans are as follows:

	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Eligibility	Eligibility for Normal Retirement. Members hired on or after January 23, 2013, are not eligible.	Satisfaction of Normal Retirement requirements and hired prior to July 1, 2012.
Participation	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Interest is credited after each month at a fixed rate of 6.5% for members who entered prior to October 1, 2012. Other members receive the actual plan earnings, subject to a maximum of 6.5% and a minimum of 0.0% per year.	At participant's election (prior to October 1, 2012): a) 6.5% interest or b) actual net rate of investment return credited each fiscal quarter.  May change election once during the DROP period.  For those members that entered DROP on or after October 1, 2012, actual rate of investment return up to a maximum of 6.5% per annum and a minimum of 0.0% per annum credited quarterly.
DROP Balance as of September 30, 2019	\$ -	\$ 302,992

The components of the net pension liability of the pension plans at September 30, 2019, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Total</u>
Total pension liability	\$ 22,365,227	\$ 28,925,411	\$ 51,290,638
Plan fiduciary net position	(18,059,201)	(23,882,241)	(41,941,442)
Net pension liability	<u>\$ 4,306,026</u>	<u>\$ 5,043,170</u>	<u>\$ 9,349,196</u>
Plan fiduciary net position as percentage of total pension liability	80.75%	82.56%	81.77%

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

The total pension liability was determined by an actuarial valuation as of October 1, 2017, and measurement date of September 30, 2019, using the following actuarial assumptions to all measurement periods.

	<b>Police Plan</b>	<b>Fire Plan</b>
Inflation	2.70%	2.30%
Salary increases	Service based	5.75%
Discount rate	7.75%	7.80%
Investment rate of return	7.75%	7.80%

**Mortality rate:**

*Healthy Active Lives:*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar /90% Combined Healthy White Collar, Scale BB.

*Mortality Rate Disabled Lives:*

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

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

*Mortality Rate Healthy Inactive Lives:*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

75% of active deaths are assumed to be service-incurred.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	
	<b>Police Plan</b>	<b>Fire Plan</b>
Domestic equity	7.3%	5.8%
Large cap US equity	n/a	5.7%
Small/Mid cap equity	n/a	5.9%
International equity	2.7%	5.2%
Bonds/US Corps Bonds-Core	3.6%	1.8%
Private investment fund	n/a	3.9%
Real estate	4.9%	6.0%
Cash	0.6%	n/a



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
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(16) **Employee Retirement Systems and Pension Funds:** (Continued)

*Discount rate:*

The discount rate used to measure the total pension liability for the Police and Fire Plan investments was 7.75% and 7.8%, respectively. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' 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.

*Changes in net pension liability:*

Changes in each plan's net pension liability were as follows:

	<b>Police Plan</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a - b)</b>
Beginning Balance	\$ 21,881,468	\$ 17,662,144	\$ 4,219,324
Changes for year:			
Service cost	392,733	-	392,733
Share plan allocation	139,003	-	139,003
Interest	1,637,490	-	1,637,490
Differences between expected/actual experience	(35,443)	-	(35,443)
Changes of assumptions	-	-	-
Contributions – employer	-	761,530	(761,530)
Contributions – state	-	261,466	(261,466)
Contributions – employee	-	251,882	(251,882)
Net investment income	-	824,708	(824,708)
Benefit payments, including refunds	(1,650,024)	(1,650,024)	-
Administrative expenses	-	(52,505)	52,505
Net changes	<u>483,759</u>	<u>397,057</u>	<u>86,702</u>
Ending Balance	<u>\$ 22,365,227</u>	<u>\$ 18,059,201</u>	<u>\$ 4,306,026</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

	<b>Fire Plan</b>		
	<b>Total Pension</b>	<b>Plan</b>	<b>Net Pension</b>
	<b>Liability</b>	<b>Fiduciary Net</b>	<b>Liability</b>
	<b>(a)</b>	<b>Position (b)</b>	<b>(a – b)</b>
Beginning Balance	\$ 27,552,823	\$ 23,142,688	\$ 4,410,135
Changes for year:			
Service cost	290,009	-	290,009
Interest	2,117,944	-	2,117,944
Share plan allocation	32,041	-	32,041
Differences between expected/actual experience	554,436	-	554,436
Changes of assumptions	-	-	-
Changes of benefit terms	249,625	-	249,625
Contributions – employer	-	1,524,584	(1,524,584)
Contributions – state	-	301,157	(301,157)
Contributions – employee	-	256,832	(256,832)
Contributions – buy back	7,181	7,181	-
Net investment income	-	566,506	(566,506)
Benefit payments, including refunds	(1,878,648)	(1,878,648)	-
Administrative expenses	-	(38,059)	38,059
Net changes	<u>1,372,588</u>	<u>739,553</u>	<u>633,035</u>
Ending Balance	<u>\$ 28,925,411</u>	<u>\$ 23,882,241</u>	<u>\$ 5,043,170</u>

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the net pension liability of the City calculated using the selected discount rates, as well as what the City's net pension liability (NPL) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<b>Plan</b>	<b>Current</b>	<b>NPL with</b>	<b>NPL at</b>	<b>NPL with</b>
	<b>Discount Rate</b>	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
			<b>Discount Rate</b>	
Police	7.75%	\$ 6,917,002	\$ 4,306,026	\$ 2,133,696
Fire	7.80%	<u>8,363,620</u>	<u>5,043,170</u>	<u>2,274,424</u>
Total		<u>\$ 15,280,622</u>	<u>\$ 9,349,196</u>	<u>\$ 4,408,120</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended September 30, 2019, the City recognized pension expense of \$1,196,421 and \$1,332,004 in the Police and Fire pension plans, respectively, for a total of \$2,528,425.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police Plan</u>		<u>Fire Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 244,663	\$ (26,583)	\$ 369,624	\$ (71,659)
Changes of assumptions	158,754	-	95,115	-
Net difference between projected and actual investment earnings	494,035	-	781,543	-
	<u>\$ 897,452</u>	<u>\$ (26,583)</u>	<u>\$ 1,246,282</u>	<u>\$ (71,659)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>
2020	\$ 326,097	\$ 389,400
2021	290,465	310,972
2022	148,800	225,177
2023	105,507	249,074
2024	-	-
Thereafter	-	-

**C. Pension Fund Financial Statements**

The City does not issue separate financial statements for the Police or Fire Plans. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2019:

**COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS**

	<b>Police Pension</b>	<b>Fire Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents with trustee	\$ 852,793	\$ 1,150,171	\$ 2,002,964
Prepaid benefit payments	-	136,470	136,470
Receivables:			
Employer contributions receivable	23,699	52,333	76,032
Employee contributions receivable	-	10,114	10,114
State premium taxes	-	301,157	301,157
Other receivables	-	24,748	24,748
Interest and dividends receivable	-	52,838	52,838
Total receivables	23,699	441,190	464,889
Investments, at fair value:			
Common stock	-	13,671,758	13,671,758
Government agency obligations	-	3,277,489	3,277,489
Corporate equity securities	-	2,458,864	2,458,864
Mutual funds	11,903,901	1,157,092	13,060,993
Real estate funds	2,548,161	1,595,391	4,143,552
Annuity contracts	2,758,730	-	2,758,730
Private investment funds	-	23,226	23,226
Total investments	17,210,792	22,183,820	39,394,612
Total assets	18,087,284	23,911,651	41,998,935
<b>LIABILITIES</b>			
Accounts payable	28,083	29,410	57,493
<b>NET POSITION</b>			
Restricted for pensions	\$ 18,059,201	\$ 23,882,241	\$ 41,941,442

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(16) **Employee Retirement Systems and Pension Funds:** (Continued)

**COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS**

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 761,530	\$ 1,524,584	\$ 2,286,114
Plan members	251,882	264,013	515,895
State - insurance premium taxes	261,466	301,157	562,623
Total contributions	<u>1,274,878</u>	<u>2,089,754</u>	<u>3,364,632</u>
Investment earnings			
Net appreciation (depreciation) in fair value of investments	466,281	316,300	782,581
Interest and dividends	389,612	425,205	814,817
Total investment earnings	<u>855,893</u>	<u>741,505</u>	<u>1,597,398</u>
Less: investment expense	<u>(31,185)</u>	<u>(173,373)</u>	<u>(204,558)</u>
Net investment income (loss)	824,708	568,132	1,392,840
Total additions	<u>2,099,586</u>	<u>2,657,886</u>	<u>4,757,472</u>
<b>Deductions</b>			
Benefit payments and refunds	1,650,024	1,878,648	3,528,672
Administrative expenses	52,505	38,059	90,564
Total deductions	<u>1,702,529</u>	<u>1,916,707</u>	<u>3,619,236</u>
<b>Change in net position</b>	<u>397,057</u>	<u>741,179</u>	<u>1,138,236</u>
<b>Net position restricted for pensions</b> , beginning of year	17,662,144	23,141,062	40,803,206
<b>Net position restricted for pensions</b> , end of year	<u>\$ 18,059,201</u>	<u>\$ 23,882,241</u>	<u>\$ 41,941,442</u>

(17) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2019, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

(17) **Recent Accounting Pronouncements:** (Continued)

(b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 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 the 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. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

(c) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.

(18) **Subsequent Events:**

Subsequent to September 30, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of June 16, 2020, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended September 30,	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 86,745	\$ 123,075
Interest	111,471	111,004
Difference between expected and actual experience	(242,684)	-
Changes of assumptions	(613,988)	-
Benefit payments - implicit rate subsidy	(117,052)	(149,844)
Other changes	-	-
Net change in total OPEB liability	(775,508)	84,235
Total OPEB liability - beginning of year	3,084,980	3,000,745
<b>Total OPEB liability - end of year</b>	<b>\$ 2,309,472</b>	<b>\$ 3,084,980</b>

**Notes to Schedule:**

Valuation date:	10/1/2018	10/1/2017
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Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.58%
2018	3.64%
2017	3.35%

\* 10 years of data will be presented as it becomes available.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE OFFICERS' PENSION PLAN**  
**SEPTEMBER 30, 2019**  
**(UNAUDITED)**

Fiscal Year Ended September 30,	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 392,733	\$ 411,234	\$ 386,508	\$ 334,447	\$ 320,867	\$ 307,413
Interest	1,637,490	1,610,755	1,590,095	1,558,438	1,570,033	1,556,015
Share plan allocation	139,003	118,915	85,276	70,816	54,834	51,740
Change in funding standard account	-	-	-	-	-	(229,824)
Difference between actual and expected experience	(35,443)	441,756	95,140	(143,908)	(583,632)	-
Changes of assumptions	-	317,507	-	385,882	-	-
Contributions - buy back	-	-	10,011	-	-	-
Benefit payments, including refunds of contributions	(1,650,024)	(1,984,538)	(1,882,484)	(1,340,827)	(1,700,396)	(1,346,754)
Net change in total pension liability	483,759	915,629	284,546	864,848	(338,294)	338,590
Total pension liability - beginning	21,881,468	20,965,839	20,681,293	19,816,445	20,154,739	19,816,149
<b>Total pension liability - ending (a)</b>	<u>\$ 22,365,227</u>	<u>\$ 21,881,468</u>	<u>\$ 20,965,839</u>	<u>\$ 20,681,293</u>	<u>\$ 19,816,445</u>	<u>\$ 20,154,739</u>
<b>Total Fiduciary Net Position</b>						
Contributions - employer	\$ 761,530	\$ 649,833	\$ 420,771	\$ 580,632	\$ 557,661	\$ 470,733
Contributions - state	261,466	241,378	207,739	193,279	177,297	174,203
Contributions - employee	251,882	226,774	220,334	198,424	184,836	137,166
Contributions - buy back	-	-	10,011	-	-	-
Net investment income	824,708	1,100,357	1,556,057	1,217,573	337,826	1,640,698
Benefit payments, including refunds of contributions	(1,650,024)	(1,984,538)	(1,882,484)	(1,340,827)	(1,700,396)	(1,346,754)
Administrative expense	(52,505)	(38,075)	(38,227)	(42,439)	(37,482)	(29,248)
Net change in plan fiduciary net position	397,057	195,729	494,201	806,642	(480,258)	1,046,798
Plan fiduciary net position - beginning	17,662,144	17,466,415	16,972,214	16,165,572	16,645,830	15,599,032
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 18,059,201</u>	<u>\$ 17,662,144</u>	<u>\$ 17,466,415</u>	<u>\$ 16,972,214</u>	<u>\$ 16,165,572</u>	<u>\$ 16,645,830</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 4,306,026</u>	<u>\$ 4,219,324</u>	<u>\$ 3,499,424</u>	<u>\$ 3,709,079</u>	<u>\$ 3,650,873</u>	<u>\$ 3,508,909</u>
Plan fiduciary net position as a percentage of the total pension liability	80.75%	80.72%	83.31%	82.07%	81.58%	82.59%
Covered payroll	\$ 2,518,818	\$ 2,267,739	\$ 2,203,342	\$ 1,984,243	\$ 2,206,819	\$ 1,658,351
Net pension liability as a percentage of covered payroll	170.95%	186.06%	158.82%	186.93%	165.44%	211.59%
Annual Money-Weighted Rate of Return	4.81%	6.63%	9.43%	7.73%	2.11%	10.88%

\* 10 years of data will be presented as it becomes available



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' PENSION PLAN**  
**SEPTEMBER 30, 2019**  
**(UNAUDITED)**

Fiscal Year Ended September 30,	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 290,009	\$ 254,240	\$ 269,679	\$ 230,789	\$ 213,595	\$ 203,023
Interest	2,117,944	2,072,778	2,027,851	1,913,573	1,933,796	1,944,483
Share plan allocation	32,041	-	-	-	-	-
Changes of benefit terms	249,625	-	-	-	-	-
Difference between actual and expected experience	554,436	(214,976)	76,802	332,637	3,756	-
Changes of assumptions	-	285,346	-	772,171	-	-
Benefit payments, including refunds of contributions	(1,871,467)	(1,656,042)	(1,924,346)	(1,758,674)	(3,089,977)	(1,496,734)
Net change in total pension liability	1,372,588	741,346	449,986	1,490,496	(938,830)	650,772
Total pension liability - beginning	27,552,823	26,811,477	26,361,491	24,870,995	25,809,825	25,159,053
<b>Total pension liability - ending (a)</b>	<u>\$ 28,925,411</u>	<u>\$ 27,552,823</u>	<u>\$ 26,811,477</u>	<u>\$ 26,361,491</u>	<u>\$ 24,870,995</u>	<u>\$ 25,809,825</u>
<b>Total Fiduciary Net Position</b>						
Contributions - employer	\$ 1,524,584	\$ 1,275,075	\$ 1,298,978	\$ 1,406,792	\$ 1,361,079	\$ 1,014,458
Contributions - state	301,157	277,107	288,780	276,578	277,167	295,516
Contributions - employee	256,832	227,693	217,961	208,955	189,832	131,769
Net investment income	566,506	1,801,890	2,020,439	1,160,830	178,352	1,341,294
Benefit payments, including refunds of contributions	(1,871,467)	(1,656,042)	(1,924,346)	(1,758,674)	(3,089,977)	(1,496,734)
Administrative expense	(38,059)	(34,738)	(35,437)	(31,293)	(28,126)	(25,835)
Net change in plan fiduciary net position	739,553	1,890,985	1,866,375	1,263,188	(1,111,673)	1,260,468
Plan fiduciary net position - beginning	23,142,688	21,251,703	19,385,328	18,122,140	19,233,813	17,973,345
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 23,882,241</u>	<u>\$ 23,142,688</u>	<u>\$ 21,251,703</u>	<u>\$ 19,385,328</u>	<u>\$ 18,122,140</u>	<u>\$ 19,233,813</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 5,043,170</u>	<u>\$ 4,410,135</u>	<u>\$ 5,559,774</u>	<u>\$ 6,976,163</u>	<u>\$ 6,748,855</u>	<u>\$ 6,576,012</u>
Plan fiduciary net position as a percentage of the total pension liability	82.56%	83.99%	79.26%	73.54%	72.86%	74.52%
Covered payroll	\$ 2,584,583	\$ 2,276,928	\$ 2,179,782	\$ 2,073,116	\$ 2,513,046	\$ 1,727,904
Net pension liability as a percentage of covered payroll	195.13%	193.69%	255.06%	336.51%	268.55%	380.58%
Annual Money-Weighted Rate of Return	2.53%	8.71%	10.82%	6.62%	0.99%	7.64%

\* 10 years of data will be presented as it becomes available.

**CITY OF NEW SMYRNA BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS' PENSION PLAN  
SEPTEMBER 30, 2019  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution (ADC)</u>	<u>Contributions in Relation to ADC</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as Percentage of Employee Payroll</u>
2019	\$ 808,540	\$ 808,540	\$ -	\$ 2,518,818	32.10%
2018	730,212	730,212	-	2,267,739	32.20%
2017	680,833	680,833	-	2,203,342	30.90%
2016	748,060	748,060	-	1,984,243	37.70%
2015	750,435	750,435	-	2,206,819	34.01%
2014	823,020	823,020	-	1,658,351	49.63%

\* 10 years of data will be presented as it becomes available.

**CITY OF NEW SMYRNA BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTERS' PENSION PLAN  
SEPTEMBER 30, 2019  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions in Relation to ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as Percentage of Employee Payroll</b>
2019	\$ 1,793,700	\$ 1,825,741	\$ (32,041)	\$ 2,584,583	70.64%
2018	1,557,418	1,552,182	5,236	2,276,928	68.17%
2017	1,582,522	1,587,758	(5,236)	2,179,782	72.84%
2016	1,683,370	1,683,370	-	2,073,116	81.20%
2015	1,638,246	1,638,246	-	2,513,046	65.19%
2014	1,309,974	1,309,974	-	1,727,904	75.81%

\* 10 years of data will be presented as it becomes available.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	<b>As of the Plan Year Ended June 30,</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>						
Proportion of the net pension liability	0.003192409%	0.003346022%	0.003402399%	0.003633797%	0.005021702%	0.004756798%
Proportionate share of the net pension liability	\$ 1,099,421	\$ 1,007,839	\$ 1,006,407	\$ 917,537	\$ 648,620	\$ 290,235
Covered payroll	602,252	651,281	675,513	716,912	906,883	994,059
Proportionate share of the net pension liability as a percentage of covered payroll	182.55%	154.75%	148.98%	127.98%	71.52%	29.20%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>						
Proportion of the net pension liability	0.001800389%	0.002003954%	0.002119277%	0.002322375%	0.003272000%	0.003246958%
Proportionate share of the net pension liability	\$ 201,445	\$ 212,101	\$ 226,504	\$ 270,664	\$ 333,693	\$ 303,598
Covered payroll	602,252	651,281	675,513	716,912	906,883	994,059
Proportionate share of the net pension liability as a percentage of covered payroll	33.45%	32.57%	33.53%	37.75%	36.80%	30.54%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	2.15%	1.64%	0.97%	0.50%	0.99%

\* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

See accompanying notes to required supplementary information.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	<b>As of the Plan Year Ended June 30,</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>						
Contractually required contribution	\$ 98,988	\$ 95,359	\$ 87,304	\$ 87,454	\$ 113,890	\$ 104,194
Contributions in relation to the contractually required contribution	98,988	95,359	87,304	87,454	113,890	104,194
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 602,252	\$ 651,281	\$ 675,513	\$ 716,912	\$ 906,883	\$ 994,059
Contributions as a percentage of covered payroll	16.44%	14.64%	12.92%	12.20%	12.56%	10.48%
<b>Health Insurance Subsidy Program (HIS)</b>						
Contractually required contribution	\$ 9,997	\$ 10,867	\$ 10,784	\$ 11,577	\$ 12,459	\$ 11,123
Contributions in relation to the contractually required contribution	9,997	10,867	10,784	11,577	12,459	11,123
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 602,252	\$ 651,281	\$ 675,513	\$ 716,912	\$ 906,883	\$ 994,059
Contributions as a percentage of covered payroll	1.66%	1.67%	1.60%	1.61%	1.37%	1.12%

\* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

See accompanying notes to required supplementary information.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS**  
**SEPTEMBER 30, 2019**

	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Valuation Date:	10/1/2017	10/1/2017
<i>Methods and assumptions used to determine contribution rates:</i>		
Funding Method:	Entry Age Normal Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method:	Level dollar basis	Level Percentage of Pay, Closed
Remaining Amortization Period:	25 years (as of 10/1/2017)	25 years (as of 10/1/2017)
Asset Valuation Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.	The prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. Over time this technique may produce an insignificant bias above or below market value of assets.
Inflation:	2.70% per year	2.30% per year
Interest Rate:	7.75% per year compounded annually, net of investment-related expenses	7.90% per year compounded annually, net of investment-related expenses
Salary Increases:	Table S-5 from the Actuaries Pension Handbook plus 3.0%, Plus a percentage for Lump Sums (5% if hired before 10/01/2002, 2% if hired 10/01/2002-09/30/2012, 0% if hired on or after 10/01/2012).	5.75% per year. The final salary is increased based on the frozen hours (up to 500) as of October 1, 2012, for each member.
Payroll Growth:	None	0% per year
Retirement Age:	For active members, The later of a) Attained Age 50, or b) The earliest of attained Age 55 with 10 years of service or completion of 20 years of service. For inactive members, normal retirement age as defined in the Summary of Plan Provisions.	For active members, the later of a) age 50, or b) the earlier of age 55 with 10 years of credited service or completion of 20 years of service. For inactive members, normal retirement age as defined in the Summary of Plan Provisions.
Early Retirement:	Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2.0% per year.	Commencing at eligibility for Early Retirement (age 50), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Disability Rates:	1987 Commissioner's Group Disability Table, six month elimination period, rates have been multiplied by 2 for occupational disability.  For both Plans, it is assumed that 75% of disablements will be in line-of-duty and 25% will not be in line-of-duty.	See table below.
Termination Rates:	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.45.	See table below.

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS**  
**SEPTEMBER 30, 2019**

	<b>Police Officers' Pension Plan</b>	<b>Firefighters' Pension Plan</b>
Mortality Rate:	<p><i>Healthy Active Lives</i> - Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB. Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.</p> <p><i>Healthy Inactive Lives</i> - Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.</p> <p><i>Disabled Lives</i> - Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no set back, no projection scale. Male: RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.</p> <p>The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in the July 1, 2018, FRS actuarial valuation report for special risk employees.</p>	

Disability, Termination and Salary Increase Tables:

<b>Police Officers' Pension Plan</b>			
Age	Salary Increase	% Termination	% Disabled Male / Female
20	8.10%	10.94%	0.16% / 0.20%
25	7.18%	8.78%	0.17% / 0.21%
30	6.57%	6.98%	0.19% / 0.27%
35	6.11%	5.45%	0.24% / 0.40%
40	5.72%	4.23%	0.34% / 0.54%
45	5.39%	3.29%	0.56% / 0.77%
50	5.12%	2.52%	1.03% / 1.22%
60	4.88%	1.89%	1.94% / 1.88%

<b>Firefighters' Pension Plan</b>		
Age	% Terminating During the Year	% Becoming Disabled During the Year
20	17.20%	0.07%
30	15.00%	0.11%
40	8.20%	0.19%
50	1.70%	0.51%

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 17,611,716	\$ 18,301,461	\$ 18,757,656	\$ 456,195
Permits and fees	4,778,551	4,701,975	4,771,628	69,653
Intergovernmental	2,093,780	4,074,676	3,850,399	(224,277)
Charges for services	1,070,243	1,346,558	1,480,546	133,988
Fines and forfeitures	145,000	229,857	230,370	513
Investment income	57,000	14,055	239,424	225,369
Miscellaneous	276,089	415,648	389,732	(25,916)
Total revenues	<u>26,032,379</u>	<u>29,084,230</u>	<u>29,719,755</u>	<u>635,525</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Mayor and Council	236,489	280,665	282,239	(1,574)
City Manager	1,072,707	1,305,790	1,275,307	30,483
Finance and administration	1,478,148	1,519,685	1,486,802	32,883
Legal	407,769	413,108	415,084	(1,976)
Planning and community development	1,176,865	1,165,530	1,143,118	22,412
Nondepartmental	333,173	406,906	228,169	178,737
Total general government	<u>4,705,151</u>	<u>5,091,684</u>	<u>4,830,719</u>	<u>260,965</u>
Public safety:				
Law enforcement	6,953,839	6,985,301	6,630,138	355,163
Fire safety	6,231,798	6,838,215	6,965,648	(127,433)
Other	25,886	25,886	26,899	(1,013)
Total public safety	<u>13,211,523</u>	<u>13,849,402</u>	<u>13,622,685</u>	<u>226,717</u>
Transportation	1,645,315	1,638,963	1,656,237	(17,274)
Culture and recreation	4,167,228	4,276,415	4,094,122	182,293
Buildings and maintenance	655,117	637,737	605,329	32,408
Capital outlay	1,302,048	3,047,584	2,914,848	132,736
Debt service:				
Principal	217,043	285,236	190,146	95,090
Interest and fiscal charges	-	44,685	71,582	(26,897)
Total expenditures	<u>25,903,425</u>	<u>28,871,706</u>	<u>27,985,668</u>	<u>886,038</u>
Excess (deficiency) of revenues over expenditures	<u>128,954</u>	<u>212,524</u>	<u>1,734,087</u>	<u>1,521,563</u>
<b>Other financing sources (uses)</b>				
Transfers in	332,089	592,089	97,566	(494,523)
Transfers out	(1,016,165)	(2,315,994)	(1,016,160)	1,299,834
Proceeds from insurance recovery	-	62,781	62,781	-
Proceeds from sale of capital assets	10,000	59	59	-
Total other financing sources (uses)	<u>(674,076)</u>	<u>(1,661,065)</u>	<u>(855,754)</u>	<u>805,311</u>
Net change in fund balances	<u>(545,122)</u>	<u>(1,448,541)</u>	<u>878,333</u>	<u>2,326,874</u>
Fund balances, beginning of year	9,414,193	9,414,193	9,414,193	-
Fund balances, end of year	<u>\$ 8,869,071</u>	<u>\$ 7,965,652</u>	<u>\$ 10,292,526</u>	<u>\$ 2,326,874</u>

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



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - STORMWATER UTILITY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 521,835	\$ 201,648	\$ (320,187)
Charges for services	2,351,736	2,351,736	2,239,211	(112,525)
Investment income	-	-	57,298	57,298
Total revenues	<u>2,351,736</u>	<u>2,873,571</u>	<u>2,498,157</u>	<u>(375,414)</u>
<b>EXPENDITURES</b>				
Current:				
Physical environment	1,463,290	825,961	792,388	33,573
Buildings and maintenance	80,000	90,500	79,321	11,179
Capital outlay	-	2,074,166	1,587,968	486,198
Total expenditures	<u>1,543,290</u>	<u>2,990,627</u>	<u>2,459,677</u>	<u>530,950</u>
Excess (deficiency) of revenues over expenditures	<u>808,446</u>	<u>(117,056)</u>	<u>38,480</u>	<u>155,536</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(808,446)</u>	<u>(870,955)</u>	<u>(808,452)</u>	<u>62,503</u>
Total other financing sources (uses)	<u>(808,446)</u>	<u>(870,955)</u>	<u>(808,452)</u>	<u>62,503</u>
Net change in fund balances	<u>-</u>	<u>(988,011)</u>	<u>(769,972)</u>	<u>218,039</u>
Fund balances, beginning of year	4,587,211	4,587,211	4,587,211	-
Fund balances, end of year	<u>\$ 4,587,211</u>	<u>\$ 3,599,200</u>	<u>\$ 3,817,239</u>	<u>\$ 218,039</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUILDING INSPECTIONS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Permits and fees	\$ 2,205,299	\$ 3,411,562	\$ 3,406,764	\$ (4,798)
Investment income	-	-	84,606	84,606
Miscellaneous	-	-	-	-
Total revenues	<u>2,205,299</u>	<u>3,411,562</u>	<u>3,491,370</u>	<u>79,808</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Code enforcement	2,129,299	3,358,312	1,283,174	2,075,138
Total public safety	<u>2,129,299</u>	<u>3,358,312</u>	<u>1,283,174</u>	<u>2,075,138</u>
Capital outlay	76,000	53,250	48,319	4,931
Total expenditures	<u>2,205,299</u>	<u>3,411,562</u>	<u>1,331,493</u>	<u>2,080,069</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,159,877</u>	<u>2,159,877</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>2,159,877</u>	<u>2,159,877</u>
Fund balances, beginning of year	6,537,850	6,537,850	6,537,850	-
Fund balances, end of year	<u>\$ 6,537,850</u>	<u>\$ 6,537,850</u>	<u>\$ 8,697,727</u>	<u>\$ 2,159,877</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY, 1985**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Total revenues	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances (deficit), beginning of year	28,357	28,357	28,357	-
Fund balances (deficit), end of year	<u>\$ 28,357</u>	<u>\$ 28,357</u>	<u>\$ 28,357</u>	<u>\$ -</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY, 2015**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 588,221	\$ 588,221	\$ 581,276	\$ (6,945)
Investment income	-	-	6,489	6,489
Total revenues	<u>588,221</u>	<u>588,221</u>	<u>587,765</u>	<u>(456)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	-	481,000	106,917	374,083
Capital outlay	588,221	107,271	67,623	39,648
Total expenditures	<u>588,221</u>	<u>588,271</u>	<u>174,540</u>	<u>413,731</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(50)</u>	<u>413,225</u>	<u>413,275</u>
Net change in fund balances	<u>-</u>	<u>(50)</u>	<u>413,225</u>	<u>413,275</u>
Fund balances, beginning of year	155,206	155,206	155,206	-
Fund balances, end of year	<u>\$ 155,206</u>	<u>\$ 155,156</u>	<u>\$ 568,431</u>	<u>\$ 413,275</u>

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

## **SUPPORTING SCHEDULES**

Financial schedules are presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in conformity with generally accepted accounting principles.

**CITY OF NEW SMYRNA BEACH, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	Special Revenue Funds				Debt Service	Capital Project Funds					Total Nonmajor Governmental Funds
	Airport Industrial Park	Special Law Enforcement Trust	Beach Parking	Total		Law Enforcement Capital	Fire & Emergency Service Capital	Parks & Recreation Capital	Transportation Capital	Total	
<b>ASSETS</b>											
Equity in pooled cash	\$ 1,804,084	\$ 107,956	\$ 2,178,846	\$ 4,090,886	\$ 978,791	\$ 1,635,986	\$ 1,196,451	\$ 230,825	\$ 3,014,142	\$ 6,077,404	\$ 11,147,081
Receivables, net	136,536	-	8,460	144,996	-	-	-	-	-	-	144,996
Due from other governments	105,231	-	-	105,231	4,397	-	-	-	-	-	109,628
Inventories	29,578	-	-	29,578	-	-	-	-	-	-	29,578
Prepaid items	2,959	-	-	2,959	-	-	-	-	-	-	2,959
Total assets	<u>\$ 2,078,388</u>	<u>\$ 107,956</u>	<u>\$ 2,187,306</u>	<u>\$ 4,373,650</u>	<u>\$ 983,188</u>	<u>\$ 1,635,986</u>	<u>\$ 1,196,451</u>	<u>\$ 230,825</u>	<u>\$ 3,014,142</u>	<u>\$ 6,077,404</u>	<u>\$ 11,434,242</u>
<b>LIABILITIES</b>											
Accounts payable and accrued liabilities	\$ 121,387	\$ -	\$ 24,255	\$ 145,642	\$ -	\$ -	\$ -	\$ -	\$ 651	\$ 651	\$ 146,293
Customer deposits	49,712	-	-	49,712	-	-	-	-	-	-	49,712
Unearned revenue	1,632	-	-	1,632	-	-	-	-	-	-	1,632
Total liabilities	<u>\$ 172,731</u>	<u>\$ -</u>	<u>\$ 24,255</u>	<u>\$ 196,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651</u>	<u>\$ 651</u>	<u>\$ 197,637</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,397
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,397</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,397</u>
<b>FUND BALANCES</b>											
Nonspendable:											
Inventories	\$ 29,578	\$ -	\$ -	\$ 29,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,578
Prepaid items	2,959	-	-	2,959	-	-	-	-	-	-	2,959
Restricted for:											
Public safety	-	107,956	-	107,956	-	-	-	-	-	-	107,956
Debt service	-	-	-	-	978,791	-	-	-	-	-	978,791
Capital projects	-	-	-	-	-	1,635,986	1,196,451	230,825	3,013,491	6,076,753	6,076,753
Committed to:											
Parking	-	-	2,163,051	2,163,051	-	-	-	-	-	-	2,163,051
Assigned to:											
Airport park maintenance & improvements	1,873,120	-	-	1,873,120	-	-	-	-	-	-	1,873,120
Total fund balances	<u>\$ 1,905,657</u>	<u>\$ 107,956</u>	<u>\$ 2,163,051</u>	<u>\$ 4,176,664</u>	<u>\$ 978,791</u>	<u>\$ 1,635,986</u>	<u>\$ 1,196,451</u>	<u>\$ 230,825</u>	<u>\$ 3,013,491</u>	<u>\$ 6,076,753</u>	<u>\$ 11,232,208</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,078,388</u>	<u>\$ 107,956</u>	<u>\$ 2,187,306</u>	<u>\$ 4,373,650</u>	<u>\$ 983,188</u>	<u>\$ 1,635,986</u>	<u>\$ 1,196,451</u>	<u>\$ 230,825</u>	<u>\$ 3,014,142</u>	<u>\$ 6,077,404</u>	<u>\$ 11,434,242</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds				Debt Service	Capital Project Funds					Total Nonmajor Governmental Funds
	Airport Industrial Park	Special Law Enforcement Trust	Beach Parking	Total		Law Enforcement Capital	Emergency Service Capital	Parks & Recreation Capital	Transportation Capital	Total	
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,224,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,224,322
Permits and fees	-	-	-	-	-	377,092	310,821	121,863	873,906	1,683,682	1,683,682
Intergovernmental	362,602	-	-	362,602	-	-	-	-	-	-	362,602
Charges for services	2,754,292	-	1,022,195	3,776,487	-	-	-	-	-	-	3,776,487
Fines and forfeitures	-	19,230	-	19,230	-	-	-	-	-	-	19,230
Investment income	-	2,157	20,591	22,748	13,388	20,612	11,596	1,853	28,873	62,934	99,070
Miscellaneous	-	-	425	425	-	-	-	-	-	-	425
Total revenues	<u>3,116,894</u>	<u>21,387</u>	<u>1,043,211</u>	<u>4,181,492</u>	<u>1,237,710</u>	<u>397,704</u>	<u>322,417</u>	<u>123,716</u>	<u>902,779</u>	<u>1,746,616</u>	<u>7,165,818</u>
<b>EXPENDITURES</b>											
Current:											
Public safety	-	25,985	-	25,985	-	-	-	-	-	-	25,985
Transportation	2,524,370	-	338,701	2,863,071	-	-	-	-	38,000	38,000	2,901,071
Capital outlay	334,520	-	54,215	388,735	293,094	575,760	-	-	-	575,760	1,257,589
Debt service:											
Principal retirement	-	-	-	-	2,387,095	-	-	-	-	-	2,387,095
Interest and fiscal charges	-	-	-	-	666,429	-	-	-	-	-	666,429
Other charges	-	-	-	-	41,737	-	-	-	-	-	41,737
Refunding bond issuance costs	-	-	-	-	8,000	-	-	-	-	-	8,000
Total expenditures	<u>2,858,890</u>	<u>25,985</u>	<u>392,916</u>	<u>3,277,791</u>	<u>3,396,355</u>	<u>575,760</u>	<u>-</u>	<u>-</u>	<u>38,000</u>	<u>613,760</u>	<u>7,287,906</u>
Excess (deficiency) of revenues over expenditures	<u>258,004</u>	<u>(4,598)</u>	<u>650,295</u>	<u>903,701</u>	<u>(2,158,645)</u>	<u>(178,056)</u>	<u>322,417</u>	<u>123,716</u>	<u>864,779</u>	<u>1,132,856</u>	<u>(122,088)</u>
<b>Other financing sources (uses)</b>											
Transfers in	-	-	-	-	1,824,612	-	-	-	-	-	1,824,612
Transfers out	-	-	-	-	(8,939,900)	-	-	-	-	-	(8,939,900)
Issuance of debt	-	-	-	-	9,793,094	-	-	-	-	-	9,793,094
Total other financing sources (uses)	-	-	-	-	2,677,806	-	-	-	-	-	2,677,806
Net change in fund balances	<u>258,004</u>	<u>(4,598)</u>	<u>650,295</u>	<u>903,701</u>	<u>519,161</u>	<u>(178,056)</u>	<u>322,417</u>	<u>123,716</u>	<u>864,779</u>	<u>1,132,856</u>	<u>2,555,718</u>
Fund balances, beginning of year	1,647,653	112,554	1,512,756	3,272,963	459,630	1,814,042	874,034	107,109	2,148,712	4,943,897	8,676,490
Fund balances, end of year	<u>\$ 1,905,657</u>	<u>\$ 107,956</u>	<u>\$ 2,163,051</u>	<u>\$ 4,176,664</u>	<u>\$ 978,791</u>	<u>\$ 1,635,986</u>	<u>\$ 1,196,451</u>	<u>\$ 230,825</u>	<u>\$ 3,013,491</u>	<u>\$ 6,076,753</u>	<u>\$ 11,232,208</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - AIRPORT INDUSTRIAL PARK FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,716,800	\$ 346,871	\$ 362,602	\$ 15,731
Charges for services	2,760,483	2,751,157	2,754,292	3,135
Total revenues	<u>4,477,283</u>	<u>3,098,028</u>	<u>3,116,894</u>	<u>18,866</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	2,410,832	2,454,647	2,524,370	(69,723)
Capital outlay	2,160,000	905,604	334,520	571,084
Total expenditures	<u>4,570,832</u>	<u>3,360,251</u>	<u>2,858,890</u>	<u>501,361</u>
Excess (deficiency) of revenues over expenditures	<u>(93,549)</u>	<u>(262,223)</u>	<u>258,004</u>	<u>520,227</u>
Net change in fund balances	<u>(93,549)</u>	<u>(262,223)</u>	<u>258,004</u>	<u>520,227</u>
Fund balances, beginning of year	1,647,653	1,647,653	1,647,653	-
Fund balances, end of year	<u><u>\$ 1,554,104</u></u>	<u><u>\$ 1,385,430</u></u>	<u><u>\$ 1,905,657</u></u>	<u><u>\$ 520,227</u></u>



**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - SPECIAL LAW ENFORCEMENT TRUST FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 19,250	\$ 19,230	\$ (20)
Investment income	-	-	2,157	2,157
Total revenues	<u>-</u>	<u>19,250</u>	<u>21,387</u>	<u>2,137</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Other	10,000	25,000	25,985	(985)
Capital outlay	40,000	5,000	-	5,000
Total expenditures	<u>50,000</u>	<u>30,000</u>	<u>25,985</u>	<u>4,015</u>
Net change in fund balances	<u>(50,000)</u>	<u>(10,750)</u>	<u>(4,598)</u>	<u>6,152</u>
Fund balances, beginning of year	112,554	112,554	112,554	-
Fund balances, end of year	<u><u>\$ 62,554</u></u>	<u><u>\$ 101,804</u></u>	<u><u>\$ 107,956</u></u>	<u><u>\$ 6,152</u></u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BEACH PARKING FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 600,000	\$ 1,025,000	\$ 1,022,195	\$ (2,805)
Investment income	-	-	20,591	20,591
Miscellaneous	-	-	425	425
Total revenues	<u>600,000</u>	<u>1,025,000</u>	<u>1,043,211</u>	<u>18,211</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	551,000	965,531	338,701	626,830
Capital outlay	49,000	59,469	54,215	5,254
Total expenditures	<u>600,000</u>	<u>1,025,000</u>	<u>392,916</u>	<u>632,084</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>650,295</u>	<u>650,295</u>
Fund balances, beginning of year	1,512,756	1,512,756	1,512,756	-
Fund balances, end of year	<u>\$ 1,512,756</u>	<u>\$ 1,512,756</u>	<u>\$ 2,163,051</u>	<u>\$ 650,295</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,179,431	\$ 1,224,431	\$ 1,224,322	\$ (109)
Investment income	-	-	13,388	13,388
Total revenues	<u>1,179,431</u>	<u>1,224,431</u>	<u>1,237,710</u>	<u>13,279</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	293,094	(293,094)
Debt service:				
Principal	2,333,553	2,389,671	2,387,095	2,576
Interest and fiscal charges	670,489	1,227,240	666,429	560,811
Other charges	-	41,738	41,737	1
Refunding bond issuance costs	-	8,000	8,000	-
Total expenditures	<u>3,004,042</u>	<u>3,666,649</u>	<u>3,396,355</u>	<u>270,294</u>
Excess (deficiency) of revenues over expenditures	<u>(1,824,611)</u>	<u>(2,442,218)</u>	<u>(2,158,645)</u>	<u>283,573</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,824,611	1,887,118	1,824,612	(62,506)
Transfers out	-	(8,944,900)	(8,939,900)	5,000
Issuance of debt	-	9,500,000	9,793,094	293,094
Total other financing sources (uses)	<u>1,824,611</u>	<u>2,442,218</u>	<u>2,677,806</u>	<u>235,588</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>519,161</u>	<u>519,161</u>
Fund balances, beginning of year	459,630	459,630	459,630	-
Fund balances, end of year	<u>\$ 459,630</u>	<u>\$ 459,630</u>	<u>\$ 978,791</u>	<u>\$ 519,161</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - LAW ENFORCEMENT CAPITAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Permits and fees	\$ 334,597	\$ 377,597	\$ 377,092	\$ (505)
Investment income	-	-	20,612	20,612
Total revenues	<u>334,597</u>	<u>377,597</u>	<u>397,704</u>	<u>20,107</u>
<b>EXPENDITURES</b>				
Capital outlay	334,597	504,597	575,760	(71,163)
Total expenditures	<u>334,597</u>	<u>504,597</u>	<u>575,760</u>	<u>(71,163)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(127,000)</u>	<u>(178,056)</u>	<u>(51,056)</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	(280,000)	-	280,000
Total other financing sources (uses)	<u>-</u>	<u>(280,000)</u>	<u>-</u>	<u>280,000</u>
Net change in fund balances	<u>-</u>	<u>(407,000)</u>	<u>(178,056)</u>	<u>228,944</u>
Fund balances, beginning of year	1,814,042	1,814,042	1,814,042	-
Fund balances, end of year	<u>\$ 1,814,042</u>	<u>\$ 1,407,042</u>	<u>\$ 1,635,986</u>	<u>\$ 228,944</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - FIRE AND EMERGENCY SERVICES CAPITAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Permits and fees	\$ 350,433	\$ 320,433	\$ 310,821	\$ (9,612)
Investment income	-	-	11,596	11,596
Total revenues	<u>350,433</u>	<u>320,433</u>	<u>322,417</u>	<u>1,984</u>
<b>EXPENDITURES</b>				
Capital outlay	194,044	164,044	-	164,044
Total expenditures	<u>194,044</u>	<u>164,044</u>	<u>-</u>	<u>164,044</u>
Excess (deficiency) of revenues over expenditures	<u>156,389</u>	<u>156,389</u>	<u>322,417</u>	<u>166,028</u>
<b>Other financing sources (uses)</b>				
Transfers out	(156,389)	(156,389)	-	156,389
Total other financing sources (uses)	<u>(156,389)</u>	<u>(156,389)</u>	<u>-</u>	<u>156,389</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>322,417</u>	<u>322,417</u>
Fund balances, beginning of year	874,034	874,034	874,034	-
Fund balances, end of year	<u>\$ 874,034</u>	<u>\$ 874,034</u>	<u>\$ 1,196,451</u>	<u>\$ 322,417</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - PARKS AND RECREATION CAPITAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Permits and fees	\$ 142,417	\$ 125,000	\$ 121,863	\$ (3,137)
Investment income	-	-	1,853	1,853
Total revenues	<u>142,417</u>	<u>125,000</u>	<u>123,716</u>	<u>(1,284)</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>142,417</u>	<u>125,000</u>	<u>123,716</u>	<u>(1,284)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(145,000)	(125,000)	-	125,000
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(145,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>125,000</u>
Net change in fund balances	<u>(2,583)</u>	<u>-</u>	<u>123,716</u>	<u>123,716</u>
Fund balances, beginning of year	107,109	107,109	107,109	-
Fund balances, end of year	<u>\$ 104,526</u>	<u>\$ 107,109</u>	<u>\$ 230,825</u>	<u>\$ 123,716</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - TRANSPORTATION CAPITAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Permits and fees	\$ 1,043,051	\$ 893,051	\$ 873,906	\$ (19,145)
Investment income	-	-	28,873	28,873
Total revenues	<u>1,043,051</u>	<u>893,051</u>	<u>902,779</u>	<u>9,728</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,043,051	893,051	38,000	855,051
Capital outlay	-	-	-	-
Total expenditures	<u>1,043,051</u>	<u>893,051</u>	<u>38,000</u>	<u>855,051</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>864,779</u>	<u>864,779</u>
Fund balances, beginning of year	2,148,712	2,148,712	2,148,712	-
Fund balances, end of year	<u><u>\$ 2,148,712</u></u>	<u><u>\$ 2,148,712</u></u>	<u><u>\$ 3,013,491</u></u>	<u><u>\$ 864,779</u></u>

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 261,740	\$ 261,740	\$ -
Investment income	-	-	12,753	12,753
Miscellaneous	-	83,685	83,686	1
Total revenues	<u>-</u>	<u>345,425</u>	<u>358,179</u>	<u>12,754</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Nondepartmental	26,652	26,652	26,355	297
Capital outlay	-	10,185,800	10,159,150	26,650
Total expenditures	<u>26,652</u>	<u>10,212,452</u>	<u>10,185,505</u>	<u>26,947</u>
Excess (deficiency) of revenues over expenditures	<u>(26,652)</u>	<u>(9,867,027)</u>	<u>(9,827,326)</u>	<u>39,701</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	9,291,325	8,939,900	(351,425)
Total other financing sources (uses)	<u>-</u>	<u>9,291,325</u>	<u>8,939,900</u>	<u>(351,425)</u>
Net change in fund balances	<u>(26,652)</u>	<u>(575,702)</u>	<u>(887,426)</u>	<u>(311,724)</u>
Fund balances, beginning of year	3,547,884	3,547,884	3,547,884	-
Fund balances, end of year	<u>\$ 3,521,232</u>	<u>\$ 2,972,182</u>	<u>\$ 2,660,458</u>	<u>\$ (311,724)</u>



## **Statistical Section**

This part of the City of New Smyrna Beach, Florida's 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.

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.

#### **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

TABLE 1

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**NET POSITION BY COMPONENT,**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDING SEPTEMBER 30, 2019**

	<b>Fiscal Year Ending September 30,</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Governmental Activities:</b>										
Invested in capital assets	\$ 105,714,465	\$ 100,614,187	\$ 94,927,137	\$ 94,386,725	\$ 90,274,757	\$ 78,223,395	\$ 72,837,452	\$ 68,606,704	\$ 61,529,420	\$ 54,002,170
Restricted	15,743,617	14,686,532	9,520,265	7,084,902	6,314,851	6,844,850	6,976,592	10,144,140	13,093,265	16,870,174
Unrestricted	5,916,141	4,049,396	3,993,543	3,832,295	848,848	2,398,098	12,386,601	11,427,059	11,232,777	11,169,827
Total governmental activities net position	<u>\$ 127,374,223</u>	<u>\$ 119,350,115</u>	<u>\$ 108,440,945</u>	<u>\$ 105,303,922</u>	<u>\$ 97,438,456</u>	<u>\$ 87,466,343</u>	<u>\$ 92,200,645</u>	<u>\$ 90,177,903</u>	<u>\$ 85,855,462</u>	<u>\$ 82,042,171</u>
<b>Business-type Activities:</b>										
Invested in capital assets	\$ 1,022,641	\$ 1,064,128	\$ 610,651	\$ 551,501	\$ 119,173	\$ 139,046	\$ 108,271	\$ 82,689	\$ 44,049	\$ 2,748,890
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	145,975	(30,837)	(271,645)	(338,008)	60,501	474,803	674,090	1,482,050	1,301,107	(1,721,556)
Total business-type activities net position	<u>\$ 1,168,616</u>	<u>\$ 1,033,291</u>	<u>\$ 339,006</u>	<u>\$ 213,493</u>	<u>\$ 179,674</u>	<u>\$ 613,849</u>	<u>\$ 782,361</u>	<u>\$ 1,564,739</u>	<u>\$ 1,345,156</u>	<u>\$ 1,027,334</u>
<b>Primary Government:</b>										
Invested in capital assets	\$ 106,737,106	\$ 101,678,315	\$ 95,537,788	\$ 94,938,226	\$ 90,393,930	\$ 78,362,441	\$ 72,945,723	\$ 68,689,393	\$ 61,573,469	\$ 56,751,060
Restricted	15,743,617	14,686,532	9,520,265	7,084,902	6,314,851	6,844,850	6,976,592	10,144,140	13,093,265	16,870,174
Unrestricted	6,062,116	4,018,559	3,721,898	3,494,287	909,349	2,872,901	13,060,691	12,909,109	12,533,884	9,448,271
Total primary government net position	<u>\$ 128,542,839</u>	<u>\$ 120,383,406</u>	<u>\$ 108,779,951</u>	<u>\$ 105,517,415</u>	<u>\$ 97,618,130</u>	<u>\$ 88,080,192</u>	<u>\$ 92,983,006</u>	<u>\$ 91,742,642</u>	<u>\$ 87,200,618</u>	<u>\$ 83,069,505</u>

TABLE 2

CITY OF NEW SMYRNA BEACH, FLORIDA  
 CHANGES IN NET POSITION,  
 LAST TEN FISCAL YEARS  
 YEAR ENDING SEPTEMBER 30, 2019

	Fiscal Year Ending September 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental Activities:										
General government	\$ 6,125,363	\$ 5,793,676	\$ 7,645,291	\$ 4,385,497	\$ 3,614,857	\$ 3,418,609	\$ 2,900,453	\$ 2,828,557	\$ 3,015,088	\$ 3,064,966
Public safety	16,321,412	13,750,597	13,040,957	10,661,993	13,183,486	11,991,298	12,065,182	11,793,168	12,296,368	10,501,207
Transportation	6,178,417	4,799,649	3,998,592	4,122,721	4,373,481	4,467,014	4,665,184	3,318,479	3,581,157	3,898,353
Economic environment	898,328	1,067,964	1,113,714	1,531,277	2,079,700	2,496,356	3,306,426	2,237,200	1,560,623	3,580,406
Physical environment	5,049	1,970,217	1,358,031	1,337,399	1,327,420	977,494	932,060	977,478	755,328	546,962
Culture/recreation	5,051,113	4,554,202	4,543,918	3,973,175	3,202,899	2,891,609	2,790,501	2,760,098	2,996,608	3,444,935
Intragovernmental services	693,001	724,766	696,938	660,808	566,013	561,254	429,002	352,355	364,404	509,468
Interest on long-term debt	772,474	733,514	702,554	719,346	865,380	897,374	922,751	995,642	1,084,163	1,182,887
Total governmental activities expenses	36,045,157	33,394,585	33,099,995	27,392,216	29,213,236	27,701,008	28,011,559	25,262,977	25,653,739	26,729,184
Business-Type Activities:										
Sanitation	6,225,725	5,763,687	5,577,278	5,402,195	5,262,651	5,092,946	4,975,471	4,903,865	5,122,574	5,039,321
Golf course	1,353,870	1,276,874	1,238,918	1,113,639	1,151,916	1,147,538	1,114,149	1,099,174	1,095,600	1,302,760
Marina	253,798	248,544	207,740	239,592	188,247	174,597	173,757	183,250	188,150	
Total business-type activities expenses	7,833,393	7,289,105	7,023,936	6,755,426	6,602,814	6,415,081	6,263,377	6,186,289	6,406,324	6,342,081
Total primary government expenses	43,878,550	40,683,690	40,123,931	34,147,642	35,816,050	34,116,089	34,274,936	31,449,266	32,060,063	33,071,265
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General government	1,164,366	2,032,127	955,559	948,150	1,017,574	917,787	735,488	705,084	754,910	780,828
Public safety	5,180,451	3,704,648	3,140,536	3,065,363	1,757,344	1,816,131	1,675,729	1,254,593	818,247	668,666
Transportation	2,820,537	2,738,819	2,679,034	2,403,939	2,773,746	2,695,161	2,672,797	1,851,577	1,877,293	1,246,117
Economic environment	-	-	-	-	-	-	-	-	7,075	5,550
Physical environment	2,239,211	2,089,596	2,108,847	1,978,749	1,922,683	1,868,307	1,815,929	1,260,015	1,292,246	1,198,614
Culture/recreation	656,293	336,107	215,704	239,690	225,425	285,987	300,470	279,589	204,033	554,070
Operating grants and contributions	2,197,583	1,824,240	2,003,075	1,732,921	1,538,660	3,145,246	1,079,061	1,023,888	1,779,466	1,322,659
Capital grants and contributions	2,875,061	9,392,174	3,587,890	4,086,577	7,582,049	2,228,542	1,486,748	3,635,971	2,399,895	2,784,637
Total governmental activities program revenues	\$ 17,133,502	\$ 22,117,711	\$ 14,690,645	\$ 14,455,389	\$ 16,817,481	\$ 12,957,161	\$ 9,766,222	\$ 10,010,717	\$ 9,133,165	\$ 8,561,141

**TABLE 2**  
(Continued)

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**CHANGES IN NET POSITION,**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDING SEPTEMBER 30, 2019**  
(Continued)

	<b>Fiscal Year Ending September 30,</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Program Revenues (continued):										
Business-Type Activities:										
Charges for Services:										
Sanitation	6,562,170	6,338,556	5,555,028	5,430,041	5,288,084	5,128,609	5,012,251	4,956,381	4,887,167	4,862,934
Golf course	1,186,622	1,140,256	1,063,810	666,897	1,121,547	1,214,833	1,232,023	1,192,013	1,216,902	1,182,596
Marina	300,833	303,216	293,139	313,199	282,478	274,940	276,005	286,343	279,713	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	8,049,625	7,782,028	6,911,977	6,410,137	6,692,109	6,618,382	6,520,279	6,434,737	6,383,782	6,045,530
Total primary government program revenues	25,183,127	29,899,739	21,602,622	20,865,526	23,509,590	19,575,543	16,286,501	16,445,454	15,516,947	14,606,671
Net (Expense)/Revenue:										
Governmental activities	(18,911,655)	(11,276,874)	(18,409,350)	(12,936,827)	(12,395,755)	(14,743,847)	(18,245,337)	(15,252,260)	(16,520,574)	(18,168,043)
Business-type activities	216,232	492,923	(111,959)	(345,289)	89,295	203,301	256,902	248,448	(22,542)	(296,551)
Total primary government net expense	(18,695,423)	(10,783,951)	(18,521,309)	(13,282,116)	(12,306,460)	(14,540,546)	(17,988,435)	(15,003,812)	(16,543,116)	(18,464,594)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes	15,863,575	13,606,365	12,125,345	11,313,896	11,867,963	11,128,948	10,829,994	10,510,181	10,936,803	13,119,859
Franchise fees	662,574	670,696	673,638	660,246	670,788	718,704	593,815	603,999	587,539	603,585
Public service taxes	3,502,667	3,388,718	3,123,400	3,201,661	3,136,070	3,067,282	2,839,351	2,907,666	2,963,241	3,084,314
Sales taxes	1,504,792	1,467,385	1,360,567	1,295,417	1,208,002	1,102,855	1,049,653	982,026	958,810	957,309
Intergovernmental revenues	1,122,878	548,880	515,469	485,695	456,271	414,527	848,741	814,428	734,884	824,168
Investment earnings	515,882	261,110	127,857	77,659	78,273	32,699	24,808	26,769	74,296	163,621
Required payment from component unit	3,787,625	3,666,585	3,615,948	3,721,884	3,550,060	3,487,211	3,235,374	3,388,376	3,564,277	3,833,942
Miscellaneous revenue	35,371	227,937	186,664	414,872	621,401	196,987	162,158	310,556	850,155	243,586
Gain on sale of capital	-	31,106	23,787	-	252,459	330,433	-	-	-	-
Transfers	97,566	(254,301)	(206,302)	(369,037)	526,581	280,700	1,042,706	30,700	30,700	-
Total governmental activities	27,092,930	23,614,481	21,546,373	20,802,293	22,367,868	20,760,346	20,626,600	19,574,701	20,700,705	22,830,384
Business-Type Activities:										
Investment earnings	17,102	7,153	3,178	1,867	1,637	-	-	108	3,050	6,553
Miscellaneous revenue	-	27,215	27,992	8,205	1,474	1,807	3,426	1,727	1,174	1,377
Transfers	(97,566)	254,301	206,302	369,037	(526,581)	(280,700)	(1,042,706)	(30,700)	(30,700)	-
Total business-type activities	(80,464)	288,669	237,472	379,109	(523,470)	(278,893)	(1,039,280)	(28,865)	(26,476)	7,930
Total primary government	27,012,466	23,903,150	21,783,845	21,181,402	21,844,398	20,481,453	19,587,320	19,545,836	20,674,229	22,838,314
Changes in Net Position:										
Governmental activities	8,181,275	12,337,607	3,137,023	7,865,466	9,972,113	6,016,499	2,381,263	4,322,441	4,180,131	4,662,341
Business-type activities	135,768	781,592	125,513	33,820	(434,175)	(75,592)	(782,378)	219,583	(49,018)	(288,621)
Total primary government	\$ 8,317,043	\$ 13,119,199	\$ 3,262,536	\$ 7,899,286	\$ 9,537,938	\$ 5,940,907	\$ 1,598,885	\$ 4,542,024	\$ 4,131,113	\$ 4,373,720

TABLE 3

**CITY OF NEW SMYRNA BEACH, FLORIDA  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
YEAR ENDING SEPTEMBER 30, 2019**

	<b>Fiscal Year Ending September 30,</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,111,950
Unreserved	-	-	-	-	-	-	-	-	-	6,871,824
Nonspendable	875,609	1,311,501	1,250,734	3,216,342	913,628	784,518	1,273,261	853,528	960,250	-
<b>Spendable:</b>										
Restricted	115,442	66,816	60,816	55,435	38,770	37,471	110,189	151,083	297,044	-
Committed	-	-	-	-	-	-	-	23,396	18,671	-
Assigned	2,537,599	1,541,499	1,486,371	509,099	1,261,353	1,690,358	1,985,572	1,229,998	323,973	-
Unassigned	6,763,876	5,848,641	5,461,399	8,500,876	7,770,407	6,586,028	5,629,440	6,193,805	7,090,354	-
Total general fund	<u>\$ 10,292,526</u>	<u>\$ 8,768,457</u>	<u>\$ 8,259,320</u>	<u>\$ 12,281,752</u>	<u>\$ 9,984,158</u>	<u>\$ 9,098,375</u>	<u>\$ 8,998,462</u>	<u>\$ 8,451,810</u>	<u>\$ 8,690,292</u>	<u>\$ 11,983,774</u>
<b>All Other Governmental Funds:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,880,115
<b>Unreserved, reported in:</b>										
Special revenue funds	-	-	-	-	-	-	-	-	-	14,197,582
Capital projects funds	-	-	-	-	-	-	-	-	-	801,078
Nonspendable	32,606	61,643	52,341	31,118	38,795	71,921	40,193	47,423	64,171	-
<b>Spendable:</b>										
Restricted	19,118,404	15,776,344	11,126,481	9,131,407	13,722,842	16,754,533	11,580,808	15,362,159	17,878,252	-
Committed	5,980,290	4,587,211	8,860,753	2,889,850	3,405,730	4,828,838	3,483,609	2,827,179	3,065,456	-
Assigned	1,873,120	3,107,800	2,716,597	1,894,596	1,285,336	802,587	803,807	749,405	982,772	-
Unassigned	-	-	28,357	(22,173)	-	-	-	-	(6,400)	-
Total all other governmental funds	<u>\$ 27,004,420</u>	<u>\$ 23,532,998</u>	<u>\$ 22,784,529</u>	<u>\$ 13,924,798</u>	<u>\$ 18,452,703</u>	<u>\$ 22,457,879</u>	<u>\$ 15,908,417</u>	<u>\$ 18,986,166</u>	<u>\$ 21,984,251</u>	<u>\$ 23,878,775</u>

Note: Beginning in 2011, implementation of GASB 54 has changed the fund balance designations.

TABLE 4

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDING SEPTEMBER 30, 2019**

	Fiscal Year Ending September 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue:										
Taxes	\$ 20,563,254	\$ 18,373,409	\$ 16,654,985	\$ 15,809,290	\$ 14,955,277	\$ 14,477,868	\$ 13,628,683	\$ 13,612,756	\$ 14,009,961	\$ 15,368,115
Licenses and fees	9,862,074	7,141,017	6,735,421	6,793,044	6,012,110	5,894,830	5,493,584	5,121,557	4,802,244	5,102,462
Intergovernmental	4,676,389	10,596,815	5,225,276	5,553,360	10,563,520	6,707,036	4,189,353	6,382,936	5,127,435	6,712,067
Charges for services	7,496,244	8,156,909	7,034,415	3,998,336	2,910,515	2,486,735	2,291,548	1,790,422	1,731,719	2,072,832
Fines and forfeitures	249,600	179,147	148,300	235,672	174,114	135,052	78,236	58,161	285,501	166,096
Investment earnings	499,640	261,111	127,855	77,659	77,645	32,700	24,808	26,769	74,300	160,625
Other revenues	473,843	473,190	485,394	3,321,206	3,558,550	3,597,078	3,558,312	2,440,215	3,291,305	1,855,736
<b>Total revenue</b>	<b>43,821,044</b>	<b>45,181,598</b>	<b>36,411,646</b>	<b>35,788,567</b>	<b>38,251,731</b>	<b>33,331,299</b>	<b>29,264,524</b>	<b>29,432,816</b>	<b>29,322,465</b>	<b>31,437,933</b>
Expenditures:										
General government	4,857,074	5,478,001	7,245,432	3,891,608	3,087,836	2,907,718	2,576,858	2,435,005	2,569,509	3,288,748
Public safety	14,931,844	13,328,911	12,539,387	12,089,687	11,640,499	11,113,749	11,121,231	11,345,214	11,742,984	12,320,773
Transportation	4,557,308	4,392,778	3,569,012	3,672,814	3,859,584	4,001,762	4,003,205	2,950,648	2,985,296	2,905,667
Economic environment	106,917	14,468	20,195	568,282	1,380,301	1,807,054	2,909,623	1,894,667	1,330,128	1,020,431
Physical environment	792,388	926,523	571,095	658,672	680,302	314,881	444,991	250,942	254,249	544,376
Culture/recreation	4,094,122	3,662,103	3,591,589	3,229,405	2,745,754	2,366,865	2,249,784	2,133,464	2,216,549	2,944,409
Building and maintenance	684,650	716,104	672,158	637,924	554,123	544,020	413,832	333,422	337,424	463,709
Capital outlay	16,035,497	14,677,654	5,564,010	12,547,872	16,568,963	9,412,952	6,026,388	8,221,718	7,364,925	7,593,276
Debt Service:										
Principal retirement	2,577,241	9,688,922	1,947,791	1,709,132	1,688,344	2,946,345	2,141,132	2,103,467	2,004,805	2,001,385
Interest and fiscal charges	787,748	845,734	671,824	693,634	706,363	1,134,038	951,283	1,031,536	1,114,576	1,182,842
<b>Total expenditures</b>	<b>49,424,789</b>	<b>53,731,198</b>	<b>36,392,493</b>	<b>39,699,030</b>	<b>42,912,069</b>	<b>36,549,384</b>	<b>32,838,327</b>	<b>32,700,083</b>	<b>31,920,445</b>	<b>34,265,616</b>
Excess (deficiency) of revenues over expenditures	(5,603,745)	(8,549,600)	19,153	(3,910,463)	(4,660,338)	(3,218,085)	(3,573,803)	(3,267,267)	(2,597,980)	(2,827,683)
Other Financing Sources (Uses):										
Transfers in (out)	97,566	(254,301)	(206,302)	(369,037)	1,041,636	280,700	1,042,706	30,700	(2,718,186)	-
Capital-related debt issued	-	-	-	-	-	-	-	-	-	124,518
Proceeds from issuance of debt	9,793,094	10,000,000	5,000,000	-	-	24,780,000	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-	(16,825,341)	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Premium (discount) on debt issued	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	59	31,106	24,448	49,861	499,309	1,632,101	-	-	495,000	-
Proceeds from insurance recovery	62,781	30,401	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	1,999,328	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,953,500</b>	<b>9,807,206</b>	<b>4,818,146</b>	<b>1,680,152</b>	<b>1,540,945</b>	<b>9,867,460</b>	<b>1,042,706</b>	<b>30,700</b>	<b>(2,223,186)</b>	<b>124,518</b>
<b>Net change in fund balances</b>	<b>\$ 4,349,755</b>	<b>\$ 1,257,606</b>	<b>\$ 4,837,299</b>	<b>\$ (2,230,311)</b>	<b>\$ (3,119,393)</b>	<b>\$ 6,649,375</b>	<b>\$ (2,531,097)</b>	<b>\$ (3,236,567)</b>	<b>\$ (4,821,166)</b>	<b>\$ (2,703,165)</b>
Debt service as a percentage of noncapital expenditures	10.1%	27.0%	8.5%	8.8%	9.1%	15.0%	11.5%	12.7%	12.6%	11.9%

TABLE 5

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,**  
**LAST TEN FISCAL YEARS**  
**YEAR ENDING SEPTEMBER 30, 2019**

<b>Fiscal Year<sup>2</sup> Ended September 30,</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Agricultural Property</b>	<b>Institutional Property</b>	<b>Governmental Property</b>	<b>Vacant Land and Other</b>	<b>Tangible Personal Property</b>	<b>Total Assessed Value</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value<sup>1</sup></b>	<b>Total Direct Tax Rate<sup>1</sup></b>
2010	2,657,863,366	294,557,232	32,211,542	976,147	47,348,888	134,349,671	190,315,443	100,120,016	3,457,742,305	612,552,554	2,845,189,751	3.99990
2011	2,408,084,268	247,885,861	27,677,554	680,908	39,970,180	57,714,605	209,065,101	100,999,812	3,092,078,289	584,130,316	2,507,947,973	4.07400
2012	2,342,004,615	225,970,455	24,485,981	673,972	37,355,385	69,714,230	200,124,416	99,214,618	2,999,543,672	591,696,575	2,407,847,097	4.10110
2013	2,403,446,644	227,013,083	23,575,862	678,375	37,460,082	122,362,414	129,905,505	160,107,446	3,104,549,411	651,875,258	2,452,674,153	4.05750
2014	2,477,659,029	242,549,870	23,580,787	902,857	38,112,705	122,392,149	115,242,545	173,608,473	3,194,048,415	674,237,186	2,519,811,229	4.17630
2015	2,662,911,966	264,239,522	24,807,438	1,416,412	42,546,782	132,820,223	118,502,798	172,284,943	3,419,530,084	696,808,459	2,722,721,625	4.02830
2016	2,848,415,687	285,656,360	25,814,294	1,489,961	43,978,338	157,277,270	125,107,652	176,922,153	3,664,661,715	748,827,518	2,915,834,197	3.99900
2017	3,055,463,112	313,454,305	27,467,036	2,324,780	46,746,352	175,317,013	138,456,418	169,521,503	3,928,750,519	775,089,050	3,153,661,469	3.96990
2018	3,298,276,892	353,190,922	29,344,520	2,563,579	49,675,127	195,425,582	147,944,921	168,439,045	4,244,860,588	811,986,176	3,432,874,412	4.05610
2019	3,607,592,880	398,170,720	30,905,813	3,873,907	62,832,487	206,887,673	141,171,430	188,694,767	4,640,129,677	860,236,495	3,779,893,182	4.17550

Source: Volusia County, Florida, Property Appraiser.

Note: <sup>1</sup>Property in The City of New Smyrna Beach is reassessed each year by the Volusia County Property Appraiser. Property is assessed at 85% of actual value. Tax rates are per \$1,000 of assessed value.

<sup>2</sup>All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all fiscal 2019 data was obtained from the 2018 calendar year tax roll).

TABLE 6

**CITY OF NEW SMYRNA BEACH, FLORIDA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
LAST TEN FISCAL YEARS  
YEAR ENDING SEPTEMBER 30, 2019**

Fiscal Year <sup>1</sup>	City of New Smyrna Beach			Overlapping Rates							Total-All Taxing Districts
	Operating	Debt Service	Total City of New Smyrna	Volusia County School District	Volusia County	Southeast Volusia Hospital District	Southeast Volusia Mosquito Control	Ponce Inlet and Port Authority	St. Johns Water Management District	Florida Inland Navigation District	
2010	3.4793	0.52060	3.99990	7.80500	6.37434	3.59870	0.20966	0.09360	0.41580	0.03450	22.53150
2011	3.4793	0.59470	4.07400	8.23700	6.30250	3.25000	0.20800	0.09290	0.41580	0.03450	22.61470
2012	3.4793	0.62180	4.10110	8.06300	6.77910	3.30150	0.20800	0.09290	0.33130	0.03450	22.91140
2013	3.4445	0.61300	4.05750	7.88800	6.88090	3.03000	0.20800	0.09290	0.33130	0.03450	22.52310
2014	3.5764	0.59990	4.17630	7.35800	7.27090	2.93910	0.20800	0.09290	0.32830	0.03450	22.40800
2015	3.5764	0.45190	4.02830	7.33600	7.27090	2.78420	0.18800	0.09290	0.31640	0.03450	22.05120
2016	3.5699	0.4300	3.99990	7.19700	7.27090	2.63400	0.18800	0.09290	0.30230	0.03200	21.71700
2017	3.5699	0.4000	3.96990	6.8480	7.05200	2.40000	0.18800	0.09290	0.28850	0.03200	20.87130
2018	3.6811	0.3750	4.05610	6.2810	6.64640	1.19840	0.18800	0.09290	0.25620	0.03200	18.75100
2019	3.8416	0.3339	4.17550	6.2810	6.64640	1.19840	0.18800	0.09290	0.25620	0.03200	18.87040

Source: Volusia County, Florida, Property Appraiser.

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

<sup>1</sup>All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all fiscal 2019 data was obtained from the 2018 calendar year tax roll).



TABLE 7

**CITY OF NEW SMYRNA BEACH, FLORIDA  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT AND NINE YEARS AGO  
SEPTEMBER 30, 2019**

Taxpayer	September 30, 2019			September 30, 2010		
	(2018 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value	(2009 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value
Coconut Palms Condo Association	\$ 21,945,259	1	0.58%			
Geosam Capital US LP	20,482,614	2	0.54%			
Poseidon Hotel Ventures LLC	15,604,812	3	0.41%			
TT of New Smyrna LLC	15,048,625	4	0.40%			
Real Sub LLC	14,698,960	5	0.39%			
Key New Smyrna LLC	13,643,090	6	0.36%			
Publix Super Markets Inc	12,154,538	7	0.32%			
Wal-Mart Stores East, LP	12,094,361	8	0.32%	9,864,574	7	0.35%
Lyme Stone Ranch Investors LTD	11,928,836	9	0.32%			
Messina Luxury Apartments LLC	10,182,124	10	0.27%			
Ocean Development Group, Inc.				27,326,447	1	0.96%
Parkside Townhomes				13,623,272	2	0.48%
Venetian Bay of New Smyrna Beach LLC				12,669,613	3	0.45%
Islamder Beach Resorts				11,221,210	4	0.39%
Bellsouth Telecommunication INC				11,065,536	5	0.39%
JPJ Investments Inc				10,152,690	6	0.36%
Tuscany Square LLC				9,034,745	8	0.32%
Home Depot USA Inc.				8,999,404	9	0.32%
New Smyrna Regency LLC				8,664,608	10	0.30%
Total	<u>\$ 105,355,346</u>		<u>2.79%</u>	<u>\$ 122,622,099</u>		<u>4.31%</u>

Source: Volusia County, Florida, Property Appraiser.

TABLE 8

**CITY OF NEW SMYRNA BEACH, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2019**

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied For Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Delinquent Collections</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percent of Levy</b>
2010	11,380,475	11,004,371	96.70%	28,615	11,032,986	96.95%
2011	10,217,380	9,878,926	96.69%	14,835	9,893,761	96.83%
2012	9,874,821	9,540,210	96.61%	13,943	9,554,153	96.75%
2013	9,874,821	9,596,845	97.19%	15,142	9,611,987	97.34%
2014	10,523,488	10,192,443	96.85%	2,108	10,194,550	96.87%
2015	10,967,940	10,601,509	96.66%	1,831	10,603,340	96.68%
2016	11,663,045	11,313,415	97.00%	4,533	11,317,948	97.04%
2017	12,519,721	12,157,699	97.11%	-	12,157,699	97.11%
2018	13,924,082	13,606,365	97.72%	1,209	13,607,574	97.73%
2019	15,466,342	15,247,517	98.59%	38,960	15,286,477	98.84%

Source: The City of New Smyrna 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. 2019 collections are from the 2018 tax levy).

**CITY OF NEW SMYRNA BEACH, FLORIDA  
RATIOS OF OUTSTANDING DEBT BY TYPE,  
LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2019**

Fiscal Year Ended September 30,	Governmental Activities							Business-type Activities	Primary Government Total	Percent of Personal Income <sup>1</sup>	Per Capita <sup>2</sup>
	General Obligation Refunding Note	Capital Revenue Note	Public Improvement Bonds	Capital Improvement Notes	Promissory Notes	Capital Lease Obligation	Total	Capital Lease Obligation			
2010	\$ 14,640,000	\$ 6,695,000	\$ 1,096,025	\$ -	\$ 4,733,022	\$ -	\$ 27,164,047	\$ -	\$ 27,164,047	3.75%	\$ 1,203
2011	13,825,000	6,465,000	800,192	-	4,069,050	-	25,159,242	-	25,159,242	3.44%	1,110
2012	12,990,000	6,230,000	490,817	-	3,344,958	-	23,055,775	-	23,055,775	3.03%	1,012
2013	12,125,000	5,985,000	167,281	-	2,637,362	-	20,914,643	-	20,914,643	2.61%	900
2014	10,595,000	6,140,000	-	8,045,000	1,718,298	-	26,498,298	-	26,498,298	3.30%	1,139
2015	9,589,000	5,765,000	-	7,935,000	1,520,954	-	24,809,954	-	24,809,954	2.83%	1,021
2016	8,603,000	5,450,000	-	7,730,000	1,317,643	1,999,328	25,099,971	135,851	25,235,822	2.66%	1,006
2017	7,601,000	5,000,179	-	12,640,000	1,108,185	1,802,995	28,152,359	95,991	28,248,350	2.90%	1,095
2018	6,576,000	4,563,086	-	14,795,000	892,572	1,616,069	28,442,727	55,818	28,498,545	2.87%	1,077
2019	15,033,000	4,341,403	-	14,188,000	670,254	1,425,923	35,658,580	134,932	35,793,512	3.11%	1,317

Source:

<sup>1</sup> Amount computed by dividing Total Outstanding Debt by Personal Income as shown in Table 14.

<sup>2</sup> Amount computed by dividing Total Outstanding Debt by Population as shown in Table 14.

TABLE 10

**CITY OF NEW SMYRNA BEACH, FLORIDA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2019**

<b>Fiscal Year Ended September 30,</b>	<b>Governmental Activities General Obligation Bonds</b>	<b>Percentage of Total Taxable Assessed Value of Property</b>	<b>Percent of Personal Income</b>	<b>Per Capita</b>	<b>Population</b>
2010	14,640,000	0.51%	2.02%	646	22,668
2011	13,825,000	0.55%	1.89%	607	22,792
2012	12,990,000	0.54%	1.70%	559	23,230
2013	12,125,000	0.49%	1.52%	521	23,272
2014	10,595,000	0.42%	1.32%	455	23,272
2015	9,589,000	0.35%	1.09%	395	24,298
2016	8,603,000	0.30%	0.91%	343	25,078
2017	7,601,000	0.24%	0.78%	295	25,803
2018	6,576,000	0.19%	0.66%	248	26,470
2019	15,033,000	0.40%	1.31%	553	27,173

Source:

Percent of Personal Income is calculated by dividing the General Obligation bonds by the total Personal Income per Table 14. Per Capita is calculated by dividing the General Obligation Bonds by the Population per Table 14.

TABLE 11

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**DIRECT AND OVERLAPPING DEBT FOR GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
County of Volusia, Florida:			
General Obligation Bonds	\$ 6,380,000	11.19%	\$ 713,680
Other Debt:			
District School Board of Volusia County, Florida:			
State School Bonds	413,109	11.19%	46,211
Certificates of participation	230,710,328	11.19%	25,807,753
Sales Tax Revenue Bonds	35,898,516	11.19%	4,015,685
Notes and Capital Leases	1,073,865	11.19%	120,125
County of Volusia, Florida:			
Revenue bonds	76,772,204	11.19%	8,587,904
Notes payable	43,089,019	11.19%	4,820,030
Total overlapping debt			<u>44,111,388</u>
City direct debt			35,658,580
Total direct and overlapping debt			<u><u>\$ 79,769,968</u></u>

Estimated percentage of debt applicable to the City of New Smyrna Beach was determined by dividing the total taxable assessed value of the City into the total taxable assessed value of Volusia County.

Source: Assessed valuation data used to estimate applicable percentages provided by Volusia County Property Appraiser. Debt outstanding data provided by each governmental unit. Debt outstanding was obtained from each of the taxing districts, respectively.

**CITY OF NEW SMYRNA BEACH, FLORIDA  
LEGAL DEBT MARGIN INFORMATION  
YEAR ENDING SEPTEMBER 30, 2019**

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

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**PLEGDED REVENUE COVERAGE,**  
**LAST TEN FISCAL YEARS**  
**SEPTEMBER 30, 2019**

	<b>Fiscal Year Ending September 30,</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Community Redevelopment Agency Bonds:</b>										
Tax increment revenues	\$ 581,276	\$ 291,289	\$ 159,131	\$ 69,367	\$ 1,904,212	\$ 1,720,445	\$ 1,543,968	\$ 1,512,930	\$ 1,639,894	\$ 2,851,365
Less: operating expenses	-	-	-	-	-	-	-	-	-	-
Net revenue available for debt service	<u>\$ 581,276</u>	<u>\$ 291,289</u>	<u>\$ 159,131</u>	<u>\$ 69,367</u>	<u>\$ 1,904,212</u>	<u>\$ 1,720,445</u>	<u>\$ 1,543,968</u>	<u>\$ 1,512,930</u>	<u>\$ 1,639,894</u>	<u>\$ 2,851,365</u>
<b>Debt Service payments:</b>										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,281	\$ 323,537	\$ 309,374	\$ 295,833	\$ 282,884
Interest	-	-	-	-	-	3,671	18,588	32,816	46,228	59,131
Total debt service payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,952</u>	<u>\$ 342,125</u>	<u>\$ 342,190</u>	<u>\$ 342,061</u>	<u>\$ 342,015</u>
Coverage (times)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>10.06</u>	<u>4.51</u>	<u>4.42</u>	<u>4.79</u>	<u>8.34</u>
<b>Capital Revenue Bonds and Notes:</b>										
Gross revenues	\$ 28,265,291	\$ 32,222,962	\$ 31,276,150	\$ 31,157,148	\$ 33,791,679	\$ 37,048,720	\$ 25,246,967	\$ 27,821,835	\$ 20,539,323	\$ 19,770,512
Less: operating expenses	-	-	-	-	-	-	-	-	-	-
Net revenue available for debt service	<u>\$ 28,265,291</u>	<u>\$ 32,222,962</u>	<u>\$ 31,276,150</u>	<u>\$ 31,157,148</u>	<u>\$ 33,791,679</u>	<u>\$ 37,048,720</u>	<u>\$ 25,246,967</u>	<u>\$ 27,821,835</u>	<u>\$ 20,539,323</u>	<u>\$ 19,770,512</u>
<b>Debt Service payments:</b>										
Principal	\$ 2,387,095	\$ 2,232,706	\$ 1,751,458	\$ 1,709,132	\$ 1,688,344	\$ 2,779,064	\$ 1,817,595	\$ 1,794,093	\$ 1,708,972	\$ 1,718,457
Interest	666,429	707,993	651,114	693,633	706,364	1,130,367	932,695	998,720	1,059,309	1,122,575
Total debt service payments	<u>\$ 3,053,524</u>	<u>\$ 2,940,699</u>	<u>\$ 2,402,572</u>	<u>\$ 2,402,765</u>	<u>\$ 2,394,708</u>	<u>\$ 3,909,431</u>	<u>\$ 2,750,290</u>	<u>\$ 2,792,813</u>	<u>\$ 2,768,281</u>	<u>\$ 2,841,032</u>
Coverage (times)	<u>9.26</u>	<u>10.96</u>	<u>13.02</u>	<u>12.97</u>	<u>14.11</u>	<u>9.48</u>	<u>9.18</u>	<u>9.96</u>	<u>7.42</u>	<u>6.96</u>

## Notes:

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

The Community Redevelopment Agency Public Improvement Bonds and Public Improvement Refunding Revenue Bonds are secured in part by the pledge of Agency revenues, which include tax increment revenues. The City has covenanted in the Bond Resolutions that in the event the Agency revenues are not sufficient to pay the principal and interest on the Bonds the City would appropriate for payment from legally available non-ad valorem revenues amounts sufficient to provide for the payment of principal and interest on the Bonds.

Gross revenues pledged as security for the Capital Revenue Bonds and Notes are non-ad valorem revenues. "Non-ad valorem revenues" are defined in the Resolutions to mean all revenues and taxes from any source whatsoever, other than ad valorem taxation on real and personal property.

**CITY OF NEW SMYRNA BEACH, FLORIDA  
DEMOGRAPHIC AND ECONOMIC INDICATORS,  
LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2019**

<b>Fiscal Year Ended September 30,</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b>	<b>County Per Capita Personal Income<sup>3</sup></b>	<b>County Median Household Income<sup>3</sup></b>	<b>County Median HUD Income<sup>3</sup></b>	<b>County Unemployment Rate<sup>3</sup></b>
2010	22,583	724,869,134	32,098	41,368	n/a	12.50%
2011	22,668	731,156,340	32,255	41,368	n/a	10.80%
2012	22,792	762,073,312	33,436	38,477	n/a	8.80%
2013	23,230	800,157,350	34,445	40,114	n/a	6.30%
2014	23,272	803,582,160	34,530	40,908	n/a	5.30%
2015	24,298	875,991,496	36,052	40,881	n/a	5.00%
2016	25,078	947,998,556	37,802	42,334	n/a	5.00%
2017	25,803	975,405,006	37,802	42,334	n/a	3.80%
2018	26,470	993,577,920	37,536	53,721	n/a	3.80%
2019	27,173	1,151,428,702	42,374	59,514	n/a	3.70%

Source:

<sup>1</sup> Office of Economic and Demographic Research, Bureau of Economic and Business Research, University of Florida

<sup>2</sup> Amount computed by multiplying population and per capita personal income statistics for Volusia County, Florida.

<sup>3</sup> Florida Research and Economic Database. Amounts indicated are for Volusia County, Florida.



TABLE 15

**CITY OF NEW SMYRNA BEACH, FLORIDA  
PRINCIPAL EMPLOYERS,  
CURRENT AND NINE YEARS AGO  
SEPTEMBER 30, 2019**

<b>Employer</b>	<b>September 30, 2019</b>			<b>September 30, 2010</b>		
	<b>Total Employees</b>	<b>Rank</b>	<b>Percent to Total City Employment</b>	<b>Total Employees</b>	<b>Rank</b>	<b>Percent to Total City Employment</b>
AdventHealth New Smyrna Beach	700	1	6.03%	800	1	9.14%
Publix Supermarkets	290	2	2.50%	303	2	3.69%
City of New Smyrna Beach	269	3	2.31%	265	3	3.17%
Wal Mart	207	4	1.78%	207	4	2.59%
Ocean View Nursing & Rehab Center	200	5	1.72%	170	7	2.13%
Volusia County Public Schools	185	6	1.59%	185	5	9.46%
New Smyrna Beach Utilities Commission	179	7	1.54%	173	6	2.17%
Winn Dixie Stores, Inc.	140	8	1.21%	143	8	1.75%
Home Depot	120	9	1.03%	121	9	1.50%
Sugar Mill Country Club	100	10	0.86%	n/a	-	n/a
<b>Total</b>	<b>2,390</b>		<b>20.59%</b>			
Estimated civilian labor force						11,603

Source: US Burueau of Labor Statistics

**CITY OF NEW SMYRNA BEACH, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,**  
**LAST TEN FISCAL YEARS**  
**SEPTEMBER 30, 2019**

<b>Full-Time Equivalent Employees at September 30,</b>										
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General Government:</b>										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Management	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Economic Development	1.00	1.00	1.00	1.75	-	-	-	-	-	-
Legal	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Human Resources	3.00	3.00	3.00	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Planning & Engineering	12.00	12.00	9.00	8.00	6.50	6.50	6.50	6.50	7.00	12.00
Community Redevelopment	-	-	-	-	7.75	6.75	8.75	7.00	7.00	10.00
City Clerk	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	8.00	8.00	8.00	8.00	8.00	7.25	6.75	6.00	5.50	6.25
Information Systems	5.00	5.00	5.00	5.00	4.00	4.00	3.00	3.00	2.00	2.00
General Government	2.00	2.00	2.00	2.00	2.00	1.00	-	-	-	-
<b>Police:</b>										
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Patrol	35.00	35.00	35.00	35.00	35.00	31.00	31.00	31.00	31.00	40.00
Operations (Cmmdr & Detectives)	18.00	18.00	17.00	15.25	15.25	13.75	13.75	13.00	13.00	13.00
Support	17.00	16.00	16.00	12.25	10.50	10.50	10.50	12.00	12.00	12.00
Dispatch	-	-	-	-	-	-	-	-	1.00	1.00
<b>Fire:</b>										
Administration	7.50	7.50	7.50	5.75	6.00	6.00	6.00	6.00	7.00	5.00
Operations	36.00	36.00	36.00	34.00	34.00	34.00	34.00	34.00	37.00	45.00
<b>Maintenance Operations</b>										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Fleet Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airport	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00
Parks	11.00	11.00	11.00	11.00	10.00	10.00	-	-	-	-
Stormwater	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Sanitation	1.75	1.75	1.75	1.00	1.00	1.00	1.00	1.00	-	-
Building Maintenance & Streets	25.00	25.00	25.00	23.00	21.00	21.00	22.00	20.00	21.00	25.00
<b>Leisure Services:</b>										
Recreation	22.00	22.00	22.00	18.00	14.50	13.50	23.00	24.00	22.00	33.50
Golf course	18.00	18.00	18.00	18.00	18.00	18.00	18.00	15.50	15.50	15.50
Marina	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00	2.00	2.00
Building & Permitting	16.75	16.75	16.75	13.00	11.00	10.00	8.00	8.00	7.00	9.00
<b>Total</b>	<b>268.50</b>	<b>267.00</b>	<b>263.00</b>	<b>240.50</b>	<b>234.00</b>	<b>223.25</b>	<b>220.25</b>	<b>214.50</b>	<b>214.50</b>	<b>256.75</b>

Source: The City of New Smyrna Beach, Department of Human Resources

Note: Part-time and seasonal employees for all departments are assumed to be 0.5 FTEs for all reporting agencies

TABLE 17

**CITY OF NEW SMYRNA BEACH, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM,  
LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2019**

	Fiscal Year Ending September 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police:										
Physical arrests (based on calendar year)	597	774	1,046	1,146	1,360	1,024	839	1,071	1,181	1,463
Parking violations (based on calendar year)	6,162	7,023	4,525	6,369	2,022	259	203	127	275	211
Traffic violations (based on calendar year)	1,495	1,774	1,456	2,323	3,503	4,770	5,908	5,586	4,778	10,897
Fire:										
Emergency responses	5,413	5,437	5,428	5,413	4,656	4,383	4,074	3,866	3,911	4,482
Non-fire/EMS	2,931	2,969	2,963	2,986	3,610	4,323	3,825	2,801	2,345	2,218
Inspections by Engine Companies	-	-	-	-	-	-	528	396	95	-
Inspections by Fire Inspectors/Marshal	375	350	506	483	386	534	144	128	990	991
Solid Waste:										
Refuse collected (tons per week)	429	459	467	418	409	383	374	463	338	348
Yard trash (tons per week)	88	90	100	113	115	109	103	90	87	49
Recyclables collected (tons per week)	35	37	35	22	42	38	33	32	32	32
Public Works-Transportation										
Street construction (miles)	2.00	2.68	5.00	2.11	0.45	1.00	0.72	0.36	-	-
Street resurfacing (miles)	2.00	-	2.00	1.50	1.00	1.00	4.00	1.00	1.70	2.00
Potholes repaired	140	179	150	170	155	150	162	150	175	250
Building Development:										
Residential/single family permits issued	596	407	323	302	217	307	190	111	72	98
Commercial/multi-family permits issued	30	96	6	10	10	18	15	7	4	16
Miscellaneous permits issued	5,403	9,464	5,935	5,363	5,374	4,434	3,640	4,084	n/a	3,712

Source: Various City Departments

TABLE 18

**CITY OF NEW SMYRNA BEACH, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM,  
LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2019**

	<b>Fiscal Year Ending September 30,</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
General Government:										
Area (Sq. miles)	41.5	41.5	41.2	40.9	40.7	38.9	38.9	38.0	38.0	38.0
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone office	1	1	1	1	1	1	1	1	1	1
Patrol units	50	50	48	49	49	49	49	49	50	41
Fire stations	4	4	4	4	4	4	4	4	4	4
Public Works-Transportation										
Paved streets (miles)	135.8	135.8	130.5	128.6	126.2	120.7	119.9	120.3	121.7	117.5
Unpaved streets (miles)	9.5	9.5	9.5	8.7	8.8	8.8	9.1	7.9	8.2	10.5
Streetlights	2,956	2,956	2,918	2,875	2,875	2,875	2,860	2,850	2,817	2,863
Traffic signals	32	32	32	33	33	33	33	33	31	30
Parks and recreation										
Area (acres)	404.1	404.1	266.5	254.0	253.0	253.0	253.0	253.0	275.5	275.5
Tennis Courts	8	8	8	9	9	9	9	9	9	9
Playgrounds	12	12	12	12	12	12	11	11	10	10
Recreation (community) centers	3	3	3	3	3	3	3	3	3	3
Shuffleboard/lawn bowling courts	21	21	21	21	21	21	21	21	21	40
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Basketball courts	7	7	7	7	7	7	7	7	7	7
18 hole golf courses	1	1	1	1	1	1	1	1	1	1
Marina boat slips	42	42	42	42	42	42	42	42	42	42
Boat ramps	6	6	6	6	6	6	6	6	6	6
Parks and picnic areas	25	25	25	24	24	24	24	23	23	23

Source: Various City Departments

**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***

To the Honorable Mayor, City Commission, and City Manager,  
City of New Smyrna Beach, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 the City of New Smyrna 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, and have issued our report thereon dated June 16, 2020. Our report includes a reference to other auditors who audited the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described below as items 2019-001 and 2019-002, that we consider to be material weaknesses.

**2019-001 Reconciliation of Account Balances:** During our audit, we noted a number of account balances required adjustments, including revenues, expenditures, payables, receivables, cash, equity, unearned revenue, capital assets, and capital leases, and compensated absences, in order to be in

compliance with generally accepted accounting principles in the United States of America. We recommend the City review significant transactions monthly to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger.

**2019-002 Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance:** Errors were found in the City's preparation of the schedule of expenditures of federal awards and state financial assistance (SEFA) provided for the audit. In addition to Federal grants being erroneously identified as state financial assistance, the amounts reported as expended for the FEMA grants were based on revenues rather than expenditures. Further, upon testing for completeness and accuracy of the revised SEFA, it was noted the City had grant amounts that were improperly excluded from the SEFA, necessitating additional revision. Part 2 CFR 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the Florida Single Audit Act describe the criteria and requirements for preparing the SEFA and determining awards expended. Preparation of an incomplete and/or inaccurate SEFA can result in errors in identifying the scope of audit procedures under the Uniform Guidance and the Florida Single Audit Act, including but not limited to the incorrect identification of major programs or projects for audit. There were ineffective controls related to the review of the SEFA. City staff with responsibility for preparing the SEFA should familiarize themselves with the Uniform Guidance and Florida State Single Audit Act cited above. We recommend the City include a secondary review of the SEFA prior to providing the schedule to the auditors. We also suggest that preparation of the SEFA include the review of contracts to ensure that awards have been correctly identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City'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*.

### **City of New Smyrna Beach, Florida's Response to Findings**

The City's responses to the findings identified in our audit are outlined as listed in the table of contents.

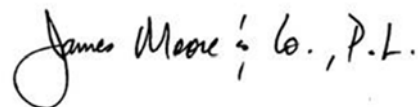
### **Management's Response to Findings**

The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Purpose of this Report**

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

Daytona Beach, Florida  
June 16, 2020



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Commission, and City Manager,  
City of New Smyrna Beach, Florida:

**Report on the Financial Statements**

We have audited the financial statements of City of New Smyrna Beach, Florida (the City), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 16, 2020. We did not audit the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida which represents the assets and revenues of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Utilities Commission, City of New Smyrna Beach, Florida, is based on the reports of the other auditors.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 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 Auditor General. Disclosures in those reports, which are dated June 16, 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. No repeat findings exist from the second preceding audit. The following is a summary of prior year recommendations:

**2018-001 Review and Approval of Journal Entries** – No corrective action taken, see modified item 2019-001.

**2018-002 Quarterly Reporting to the Awarding Agency** – Corrective action taken.

**2018-003 Preparation of the Schedule of Expenditures of Federal Awards** – No corrective action taken, see item 2019-002.

**2018-004 Budgetary Compliance** – Corrective action taken.

### **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 for the primary government and component units of the reporting entity is disclosed in Note (1) of the basic financial statements.

### **Financial Condition and Management**

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

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

**2019-003 IT Administrator Access:** In our testing of information technology administrator access, we noted one domain administrator account with access that was no longer needed. We also noted that management is not currently performing a formal user access review over financially significant applications to verify that access is restricted to only authorized employees. We recommend the City implement processes to perform and document a formal review of user account access at least annually to verify access is restricted to only authorized users.

**2019-004 Pension Benefit Payments:** We selected certain benefit payments to participants for testing and requested supporting documentation underlying those payments as part of our testing of pension benefit testing. In response to this request, documentation for the majority of participants selected for the Firefighters' Pension Plans could not be produced for participants actively receiving benefit payments. We note the responsibility to administer and monitor the City's pension plans has been assigned to respective pension boards, but the ultimate responsibility falls back to the City. As a result, we recommend a formal review process be implemented and performed by the City in collaboration with the pension plan administrators in effort to ensure all pension benefit payments are accurately paid.



**2019-005 Compliance with Fund Balance Policies in the City's Fiscal Policies:** During testing of the City's Fund Balance Policy, we noted noncompliance in the unrestricted/unassigned net position requirement for the Sanitation Fund. The City's Fund Balance policy states the Sanitation Fund shall have a reservation of fund balance equal to 20% of the current fiscal year budgeted operating expenditures and transfers out. For the year ended September 30, 2019, the unrestricted/unassigned fund balance in this funds did not meet this requirement. We recommend the above fund's net position be closely monitored and the City's fund balance policy be adhered to. Should it be determined the current Fund Balance Policies requirements are not attainable, we recommend the City consider modifying the Policy.

### **Additional Matters**

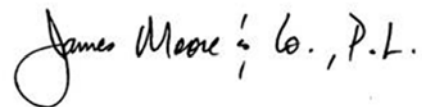
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

### **City of New Smyrna Beach, Florida's Response to Findings**

The City's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Letter**

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



Daytona Beach, Florida  
June 16, 2020

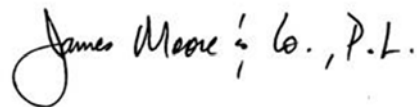
**INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

To the Honorable Mayor, City Commission, and City Manager,  
City of New Smyrna Beach, Florida:

We have examined the City of New Smyrna Beach, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of New Smyrna Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.



Daytona Beach, Florida  
June 16, 2020



## **Corrective Action Plan**

June 16, 2020

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

Name and address of independent public accounting firm:

James Moore CPAs & Consultants  
121 Executive Circle  
Daytona Beach, FL 32114-1180

Audit Period:

Fiscal Year October 1, 2018 – September 30, 2019

The findings from the Auditor's Report on Internal Control over Financial Reporting and Financial Condition and Management are discussed below.

### **2019-001 Reconciliation of Account Balances**

Management concurs with the auditor recommendation and corrective action will be taken. The City will review with staff its current policies and procedures related to the review and approval of journal entries to ensure completeness, accuracy, as well as proper year-end cutoff.

### **2019-002 Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance**

Management concurs with the auditor recommendation and corrective action will be taken. The City will review with staff the Uniform Guidance and Florida State Single Audit Act and add a secondary review of the SEFA to ensure that awards have been correctly identified on the schedule.

### **2019-003 IT Administrator Access**

Management concurs with the auditor recommendation and corrective action has been taken. The City has reviewed and updated all formal user privileges, and has restricted access to only authorized employees. The City will also be performing an annual formal review as recommended.

### **2019-004 Pension Benefit Payments**

Management concurs with the auditor recommendation and corrective action will be taken. The City will review the current process with the pension plan administrators and modify if necessary to ensure all pension benefit election forms are properly stored and maintained.

### **2019-005 Compliance with Fund Balance Policies in the City's Fiscal Policies**

Management concurs with the auditor recommendation and corrective action will be taken. The City will ensure that the requirements of the Fund Balance Policy are met.

**AFFIDAVIT**

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

1. I am the Director of Finance of **the City of New Smyrna Beach** which is a local governmental entity of the State of Florida;
2. The City of New Smyrna Beach adopted Resolution No. 01-17 implementing an impact fee; and
3. The City of New Smyrna Beach complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

*Natalia Eckroth*

Natalia Eckroth

STATE OF FLORIDA  
COUNTY OF VOLUSIA

SWORN TO AND SUBSCRIBED before me this 11 day of May, 2020.

*Sharon Harding*

NOTARY PUBLIC

Print Name Sharon Harding

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

\_\_\_\_\_



Sharon Taylor-Harding  
NOTARY PUBLIC  
STATE OF FLORIDA  
Comm# GG968480  
Expires 3/11/2024