

A sunset over the ocean with a large flock of birds on the beach in the foreground. The sun is low on the horizon, casting a warm orange and yellow glow across the sky. The clouds are dark and silhouetted against the bright light of the sun. The ocean is calm with gentle waves lapping at the shore. In the foreground, a large flock of birds is gathered on the sandy beach, their dark silhouettes contrasting with the lighter sand.

CITY OF DAYTONA BEACH SHORES
VOLUSIA COUNTY, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2020

City of Daytona Beach Shores, Florida

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended September 30, 2020

Prepared by: The Finance Department

City of Daytona Beach Shores, Florida
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September 30, 2020

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City of Daytona Beach Shores

"Life is Better Here"

"A Premier, Friendly Place to Be"

Office of the Finance Director

April 19, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Daytona Beach Shores:

State law requires that all general purpose local governments publish within twelve months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Daytona Beach Shores for the fiscal year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC, a firm of licensed certified public accountants has audited the City of Daytona Beach Shores' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Daytona Beach Shores for fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Daytona Beach Shores' financial statements for the fiscal year ended September 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of Government

The City of Daytona Beach Shores, incorporated in 1960, is located in the central part of the state in Volusia County, Florida, on the Atlantic coast. As Volusia County has exhibited rather dramatic growth over the past ten years, the City of Daytona Beach Shores has proven to be an attractive location for some of this growth. Because

of the City's proximity to the beach, its cooler summers and milder winters, and a host of other positive features, the City attracts a significant tourist population.

The City of Daytona Beach Shores currently occupies a land area of 1.31 square miles, serves a year-round population of 4,372 and, an estimated "seasonal" population of 20,000. The City of Daytona Beach Shores is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statutes to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City of Daytona Beach Shores has operated under the council-manager form of government since 1967. Policy-making and legislative authority are vested in the City Council consisting of the mayor and four other members. The City council is responsible, among other things, for passing ordinances, resolutions, adopting the budget, appointing committees, and hiring both the City manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with a City election held every two years. The mayor is elected to serve a four-year term.

The City of Daytona Beach Shores provides a full range of services, including police, fire and rescue, street maintenance, planning and zoning, parks and recreation, cultural events, economic development, and general administrative services. In addition, sewer service is provided under an Enterprise Fund concept with user charges established by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. The City of Daytona Beach Shores provides sewer service outside the city limits to certain unincorporated parts of Volusia County. The City of Daytona Beach Shores contracts with private enterprise for solid waste collection.

The annual budget serves as the foundation for the City of Daytona Beach Shores' financial planning and control. All departments of the City of Daytona Beach Shores are required to submit requests for appropriation to the City Manager in May. The City Manager uses these requests as the starting point for developing a proposed budget. The Council receives the proposed budget and a workshop(s) are held in June; the City Council sets the millage rate at the second Council meeting in July. The council is required to adopt a final budget no later than September 30. The appropriated budget is prepared by fund, function, and department. Department heads may request the City Manager to make transfers of appropriations within their department. Effective with the approval of City charter amendments in November 2008, the city council is required to hold only one public hearing to adopt and/or amend the annual budget, and all budget transfers are under the authority or delegated authority of the City Manager. The enclosed report provides budget-to-actual comparisons.

Information Useful in Assessing the Government's Economic Condition

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

Local Economy: The City of Daytona Beach Shores is experiencing an increasing trend toward a more permanent population base. This has become apparent with the many residential condominiums that have been built and sold. As is the case in the rest of the state and most of the nation, the City is continuing to slowly recover from the protracted downturn in both the commercial and real estate markets. In the current year new construction totaled over \$10 million; building permits totaled over 660 and economic development incentives helped bring 7 new businesses and 25 new townhouses to our City.

The emergence of Covid-19 certainly had an impact on the City during the second half of the 2019/2020 fiscal year with the closing of many facilities. The City Community Center closed its doors until October 2020 when it began having limited activities to reflect social distancing and mask wearing. The City received CARES funding of \$161K to help offset the additional costs associated with combating Covid-19. The Federal American Rescue Plan passed in early March 2021 has appropriated the City additional grant funding of \$1,939K.

City Council approved two separate Resolutions to payoff City General Obligation Debt: \$4,611K in fiscal year 2019/2020 and \$5,278K in fiscal year 2020/2021 eliminating all City debt. City reserves would be utilized. The

City would still maintain healthy reserves. This debt reduction will allow for the removal of the voted debt ad valorem tax for fiscal year 2021/2022 and later lowering the overall tax rate of the City.

Long-Term Financial Planning: Each year, the City conducts a thorough ratio analysis of financial trends on numerous strategic performance metrics over the preceding five-year period to identify financial threats and/or issues that may affect the delivery of services or the financial stability of the government. The results of this analysis are incorporated as appropriate into each year’s pre-budget planning, assisting in the determination of major budgeting parameters such as tax policy, capital renewal, operational spending targets, cash management, and reserve requirements. Long-term financial planning is also incorporated into budgeting via use of the City’s four part fiscal strategy, which includes: (1) Controlling recurring expenses and long-term liabilities –insuring that such cost growth does not outpace the growth of recurring revenue; (2) Providing for the future availability of current assets; (3) Avoiding any structural fiscal imbalance; and, (4) Running government like a business, i.e., recognizing citizens and business owners as shareholders and taking actions appropriate to the protection of that part of their owner’s equity that is based on the safety, attractiveness, and overall desirability of the living and business environments.

Relevant Financial Policies: The City’s investment policy is to minimize market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by Federal Depository Insurance or collateralized in Qualified Public Depositories in accordance with state statutes. Very limited surplus funds (less than 0.01%) are invested in the Local Government Investment Pool (LGIP) administered by the Florida State Board of Administration (SBA). Covid-19 had an impact on investment rates in the 2019/2020 fiscal year with federal funds rates being dropped to 0% to 0.25%.

The City engages numerous policies and procedures to control financial risk, including incorporating a comprehensive insurance program (i.e., Worker’s Compensation, property, liability, wind peril, and limited flood coverage), and specific accident prevention training programs. The City is self-insured to designated specific and aggregate stop-loss limits for employee health insurance.

Major Initiatives: Economic development incentives to help develop the west side.
Elimination of all debt obligations of the City.
Removal of 1.73 mills from the millage rate by making the City debt free.
Economic incentives to increase residential and commercial growth through sales of vacant property and annexations.

Acknowledgements

Acknowledgments: The preparation of the Comprehensive Annual Financial Report on a timely basis 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, without the leadership and support of the members of the City Council of the City of Daytona Beach Shores, preparation of this report would not have been possible.

Respectfully submitted,

Michael T. Booker

Michael T. Booker
City Manager

Kurt D. Swartzlander

Kurt D. Swartzlander
Finance Director

**City of Daytona Beach Shores, Florida
Principal Officials
September 30, 2020**

City Council

Nancy Miller

Richard Bryan

Richard Frizalone

Mel Lindauer

Michael Politis

Mayor

Vice Mayor

Council Member

Council Member

Council Member



Executive Management Team

Michael T. Booker

Kurt Swartzlander

Cheri Schwab

Stephan Dembinsky

Fred Hiatt

City Manager

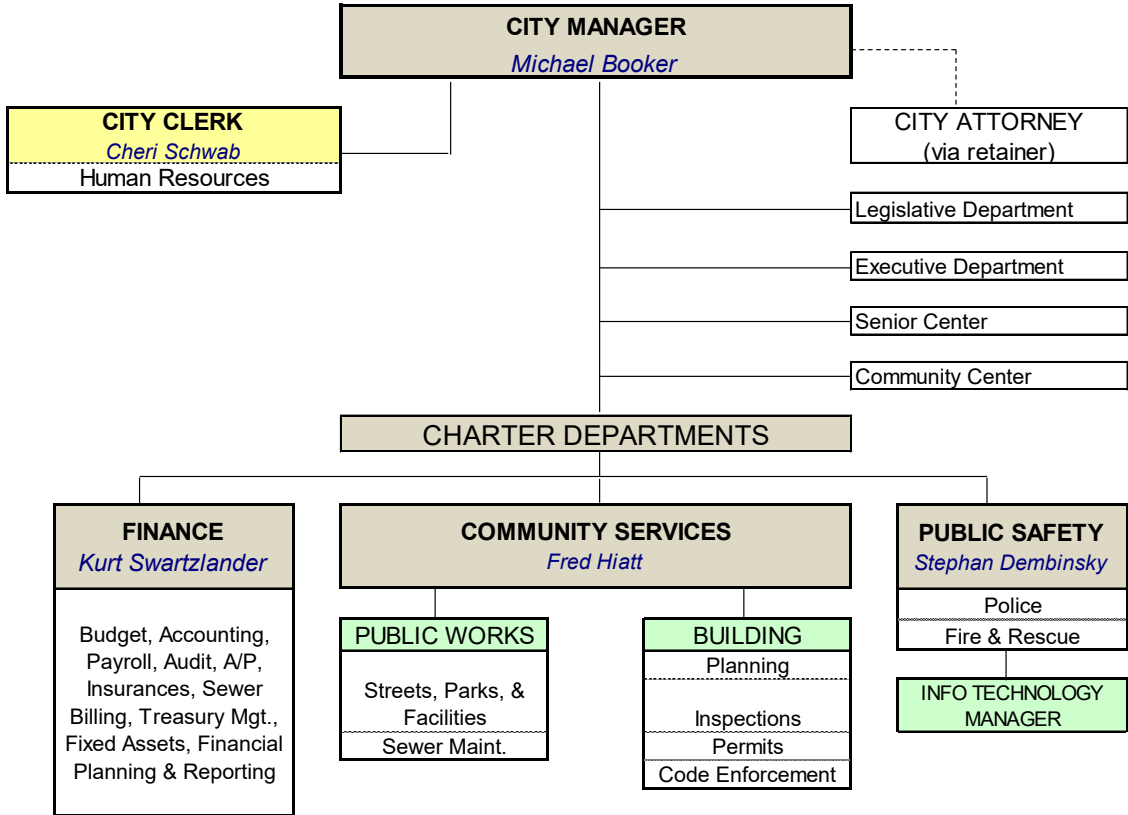
Finance Director

City Clerk

Public Safety Director

Community Services Director

City of Daytona Beach Shores, Florida
Organization Chart
September 30, 2020





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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Daytona Beach Shores, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daytona Beach Shores, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Daytona Beach Shores, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 of Daytona Beach Shores, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, the other postemployment benefits supplementary information, and the defined benefit pension plan 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 of Daytona Beach Shores, Florida's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 April 19, 2021 on our consideration of the City of Daytona Beach Shores, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Daytona Beach Shores, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Daytona Beach Shores, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida

April 19, 2021



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City of Daytona Beach Shores, Florida Management's Discussion and Analysis

As management of the City of Daytona Beach Shores, we offer readers this overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020 to assist the reader in focusing on (1) significant financial issues, (2) the City's financial activity, (3) changes in the City's financial position, (4) deviations from the approved budget, and (5) identification of fund level issues or concerns.

We encourage readers to consider the information presented here along with the additional information provided in the letter of transmittal, the City's basic financial statements, and the Required Supplementary Information (RSI). Together with these other sections of this financial report the reader can interpret the financial position of the City.

Fiscal Year End Financial Highlights

- Total assets including deferred outflows of resources of the City of Daytona Beach Shores exceed its total liabilities including deferred inflows of resources at the close of the fiscal year by \$58,268K (net position). This amount includes \$39,270K in capital assets (net of related debt) and restricted and unrestricted net position of \$2,693K and \$16,305K, respectively.
- The City's total net position increased by \$2,852K [5.1%] based on current year activities. Of this amount \$2,638K was produced by governmental activities while the business-type activities produced an increase of \$214K.
- Included in total net position is \$9,523K in net pension liability for the City's portion of the Florida Retirement System's (FRS) net pension liability. \$9,047K is attributable to governmental activities while \$476K is allocated to business-type activities. Although this FRS liability continues to be shown as a City liability, the City is on a pay-as-you-go rate structure with FRS. Thus, the FRS pension "liability" represents an actuarial estimate of the City's portion of a future obligation of the FRS pension fund, not an existing debt or claim on City cash.
- As of the close of the current fiscal year, the City of Daytona Beach Shores' governmental funds reported a combined ending fund balance of \$17,432K, a decrease of \$2,602K [-13.0%] in comparison with the prior year. This decrease is mainly attributable to a decrease in cash due to the Council-approved debt repayment plan to make the City debt free by fiscal year end 2021. Approximately 48.8% of the fund balance is unassigned and available for spending at the City's discretion.
- The City's total outstanding debt decreased by \$8,331K [-55.8%] during the current fiscal year. Governmental activities debt decreased by \$7,262K while Business-type activities debt was paid in full for \$1,069K.
- The City council approved entry of its general class employees into the Florida Retirement System (FRS) as of February 1, 2020 including buyback of past service. \$2,723K was remitted to FRS from participating employee rollover funds while \$175K was remitted from current year activities.
- Economic development activities totaled \$2K from current year activities. During the current year, Council-approved applications totaled \$152K.
- CARES Act Funding totaled \$161K at current fiscal year end. Delinquent accounts receivable due to Covid-19 totaled \$4K at current fiscal year end and increased to \$19K as of the date of audit report.

**City of Daytona Beach Shores, Florida
Management's Discussion and Analysis**

**TABLE 1
Major Features of Government-Wide versus Fund Financial Statements**

Feature	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Enterprise Funds
Scope	Entire Government (excluding fiduciary funds)	Activities of the Gov't that are not Proprietary or Fiduciary (e.g., public safety, culture & recreation, general gov't services, administration)	Activities operated like private business -- with distinct charges for service (e.g. water & sewer)
Required Financial Statements	{a} Statement of Net Assets {b} Statement of Activities	{a} Balance Sheet; {b} Statement of Revenues, Expenditures, and Changes in Fund Balance	{a} Statement of Net Assets {b} Statement of Revenues, Expenses, & Changes in Net Assets {c} Statement of Cash Flows
Basis of Accounting and Measurement Focus	Accrual Accounting; Economic Resources Focus	Modified Accrual Accounting; Current Financial Resources Focus	Accrual Accounting; Economic Resources Focus
Type of Asset and Liability Information	All Assets and Liabilities; Both Financial and Capital -- Short-Term and Long-Term	Assets and Liabilities are Expected to be Fully Discharged During the Year; No Capital Assets or Long-Term Liabilities	All Assets and Liabilities; Both Financial and Capital -- Short-Term and Long-Term
Type of Inflow and Outflow Information	All Revenues and Expenses, Regardless of When Cash is Received or Paid	{a} Revenues for which cash is received during the year; {b} Expenses when Goods & Services have been received and the related liability is due	All Revenues and Expenses, Regardless of When Cash is Received or Paid

City of Daytona Beach Shores, Florida Management's Discussion and Analysis

Overview of Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Daytona Beach Shores' basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Table 1 provides a synopsis of these statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community services and culture and recreation. The business-type activities of the City include only sewer operations.

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

Governmental Funds - Governmental funds are used to account for 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 liquid resources, as well as on balances of liquid resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Daytona Beach Shores maintains two 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 which is a major fund. Data from the Contraband/Forfeiture Fund is presented as a non-major governmental fund.

City of Daytona Beach Shores, Florida Management's Discussion and Analysis

The City of Daytona Beach Shores adopts an annual appropriated budget for its General fund. A budgetary comparison schedule has been provided for the General fund to demonstrate compliance with this budget.

Proprietary Funds - The City of Daytona Beach Shores maintains one type of proprietary fund, which is an Enterprise Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Daytona Beach Shores uses enterprise funds to account for its sewer activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the sewer activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance and the City's pension and post-employment benefit schedules.

Governmental-wide Financial Analysis - As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Daytona Beach Shores, assets exceed liabilities by \$58,268K at the close of the most recent fiscal year.

A significant portion of the City of Daytona Beach Shores' net position [67.4%] reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The City of Daytona Beach Shores uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Another portion of the City's net position [4.6%] represents resources that are subject to external restrictions on how they may be used. The remaining 28.0% [\$16,305K] of net position is unrestricted and may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the government as a single entity, as well as for its separate governments and business-type activities. The same situation held true for the prior fiscal year.

- The government's net position increased by \$2,852K during the fiscal year, primarily as a result of favorable revenue and expense budget variances even with a scheduled pay down of debt. These favorable variances were widespread across both revenue and expense categories and are detailed later in this report.

**City of Daytona Beach Shores, Florida
Management's Discussion and Analysis**

**City of Daytona Beach Shores: Net Position (in 000's)
September 30, 2020**

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 18,835	\$ 21,691	\$ 9,353	\$ 10,008	\$ 28,188	\$ 31,699
Capital assets	41,615	42,694	4,250	4,281	45,865	46,975
Total Assets	<u>60,450</u>	<u>64,385</u>	<u>13,603</u>	<u>14,289</u>	<u>74,053</u>	<u>78,674</u>
Deferred outflows of resources	3,350	2,386	176	-	3,526	2,386
Long-term liabilities outstanding	16,591	21,364	526	1,092	17,117	22,456
Other liabilities	1,067	982	236	416	1,303	1,398
Total Liabilities	<u>17,658</u>	<u>22,346</u>	<u>762</u>	<u>1,508</u>	<u>18,420</u>	<u>23,854</u>
Deferred inflows of resources	869	1,790	22	-	891	1,790
Net Position:						
Invested in capital assets, net of related debt	35,020	28,837	4,250	3,212	39,270	32,049
Restricted	2,693	4,006	-	112	2,693	4,118
Unrestricted	7,560	9,792	8,745	9,457	16,305	19,249
Total Net Position	<u>\$45,273</u>	<u>\$42,635</u>	<u>\$12,995</u>	<u>\$12,781</u>	<u>\$58,268</u>	<u>\$55,416</u>

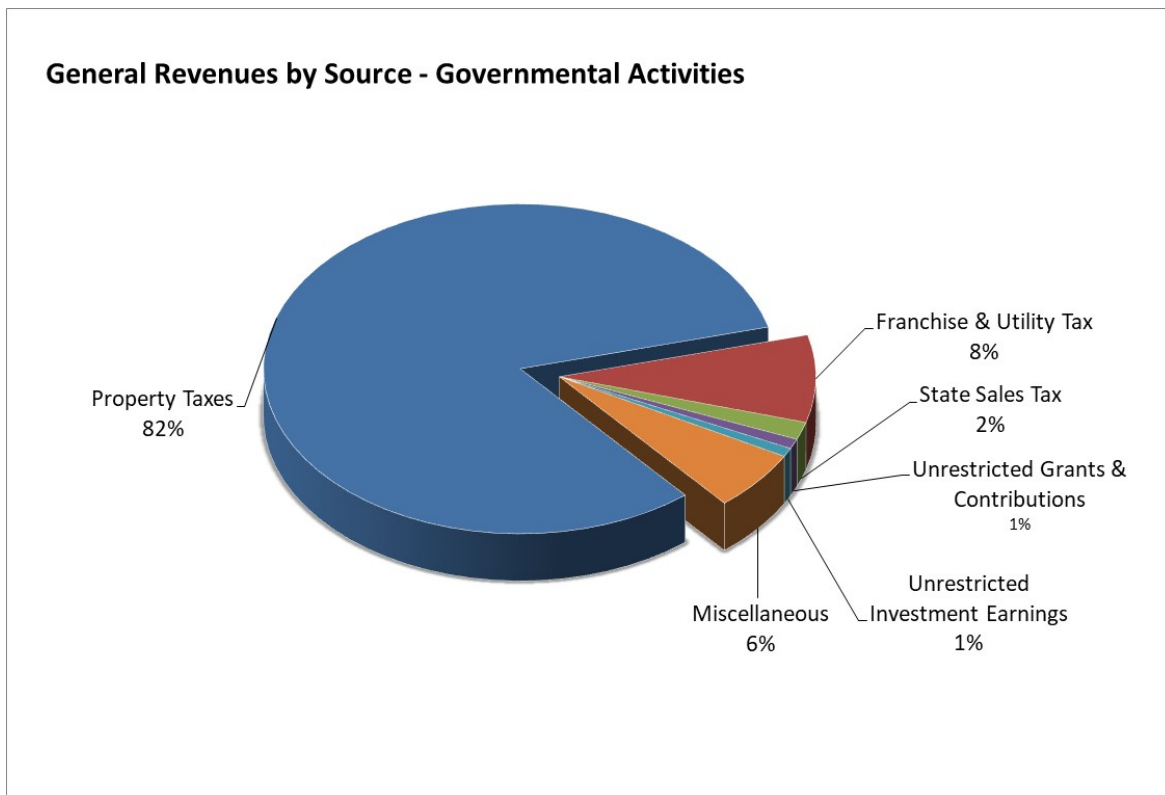
The following is a summary of financial activities during the fiscal year ended September 30, 2020.

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Property taxes	\$ 11,250	\$ 10,844	\$ -	\$ -	\$ 11,250	\$ 10,844
Sales taxes	236	250	-	-	236	250
Franchise & utility taxes	1,173	1,216	-	-	1,173	1,216
Grants & contributions, not restricted	133	133	-	-	133	133
Gain on sale of capital assets	20	4	-	25	20	29
Charges for services	2,653	2,716	3,221	3,403	5,874	6,119
Insurance Proceeds	7	-	-	-	7	-
Unrestricted investment earnings	116	209	41	72	157	281
Other miscellaneous	779	730	-	-	779	730
Sub-Total Revenues	<u>16,367</u>	<u>16,102</u>	<u>3,262</u>	<u>3,500</u>	<u>19,629</u>	<u>19,602</u>
Operating grants & contributions	526	358	-	-	526	358
Capital grants & contributions	100	97	6	23	106	120
Total Revenues	<u>16,993</u>	<u>16,557</u>	<u>3,268</u>	<u>3,523</u>	<u>20,261</u>	<u>20,080</u>

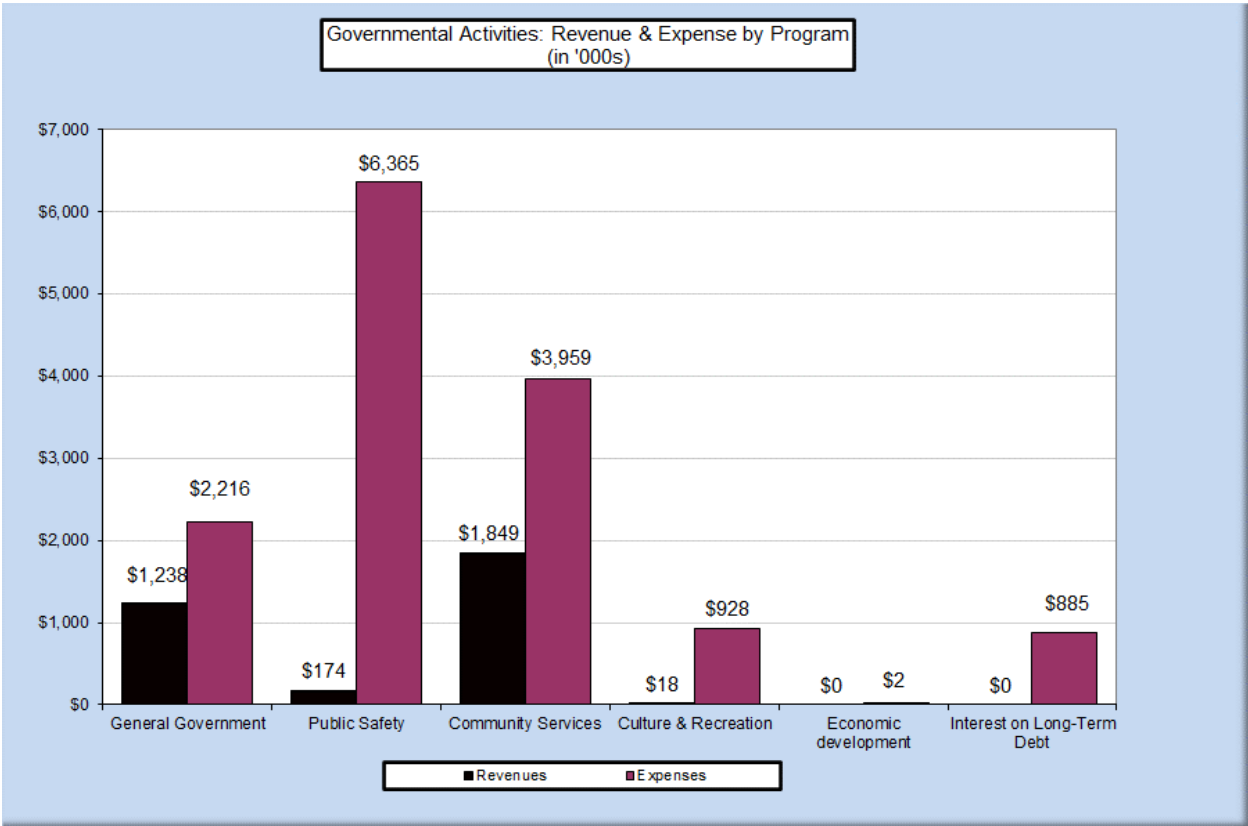
City of Daytona Beach Shores, Florida Management's Discussion and Analysis

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Expenses:						
General government	2,216	2,253	-	-	2,216	2,253
Public safety	6,365	6,638	-	-	6,365	6,638
Culture & recreation	928	765	-	-	928	765
Community services	3,959	3,649	-	-	3,959	3,649
Economic development	2	-	-	-	2	-
Interest and other charges	885	619	-	-	885	619
Sewer		-	3,054	2,611	3,054	2,611
Total Expenses	14,355	13,924	3,054	2,611	17,409	16,535
Increase in net position	2,638	2,633	214	912	2,852	3,545
Net position, beginning of year	42,635	40,002	12,781	11,869	55,416	51,871
Net position, end of year	<u>\$ 45,273</u>	<u>\$ 42,635</u>	<u>\$ 12,995</u>	<u>\$ 12,781</u>	<u>\$ 58,268</u>	<u>\$ 55,416</u>

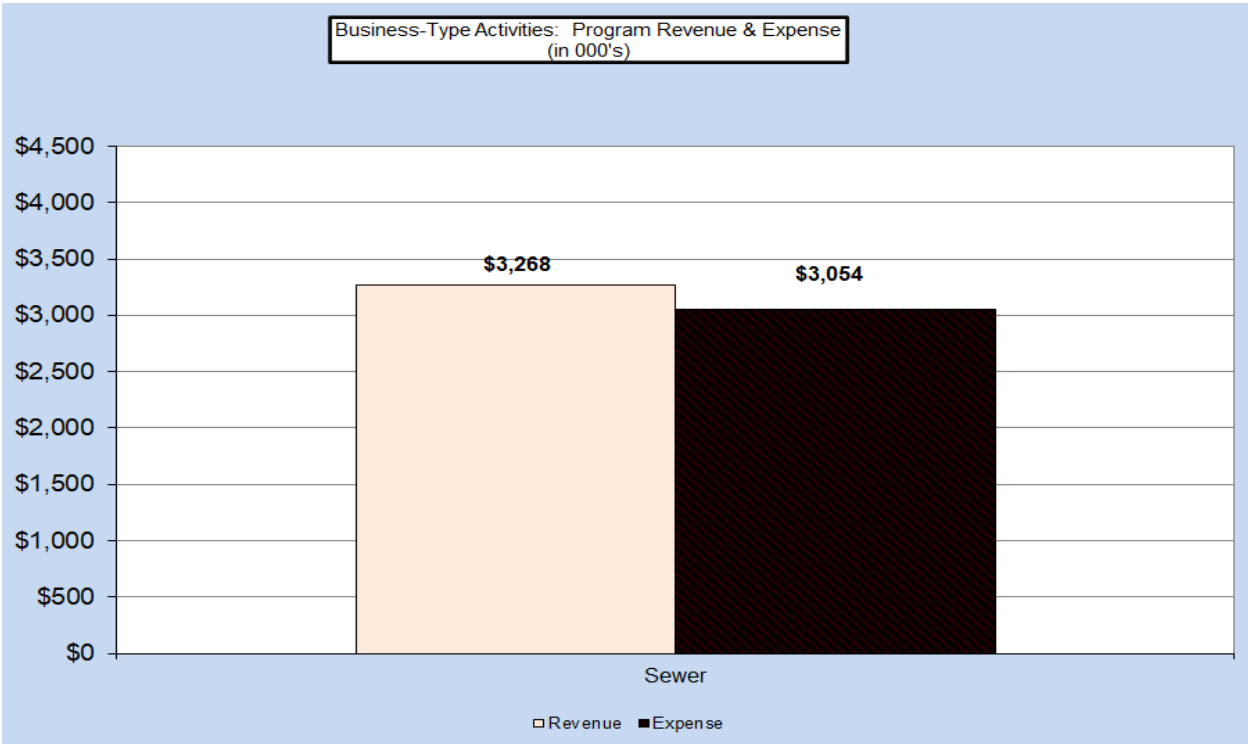
Governmental Activities - Governmental activities increased the City of Daytona Beach Shores' net position by \$2,638K, accounting for 92.5% of the total growth in the net position of the City of Daytona Beach Shores. This increase is primarily the result of favorable budget variances across all categories of revenue and expenses (including contingency), even with the pay down of long-term debt.



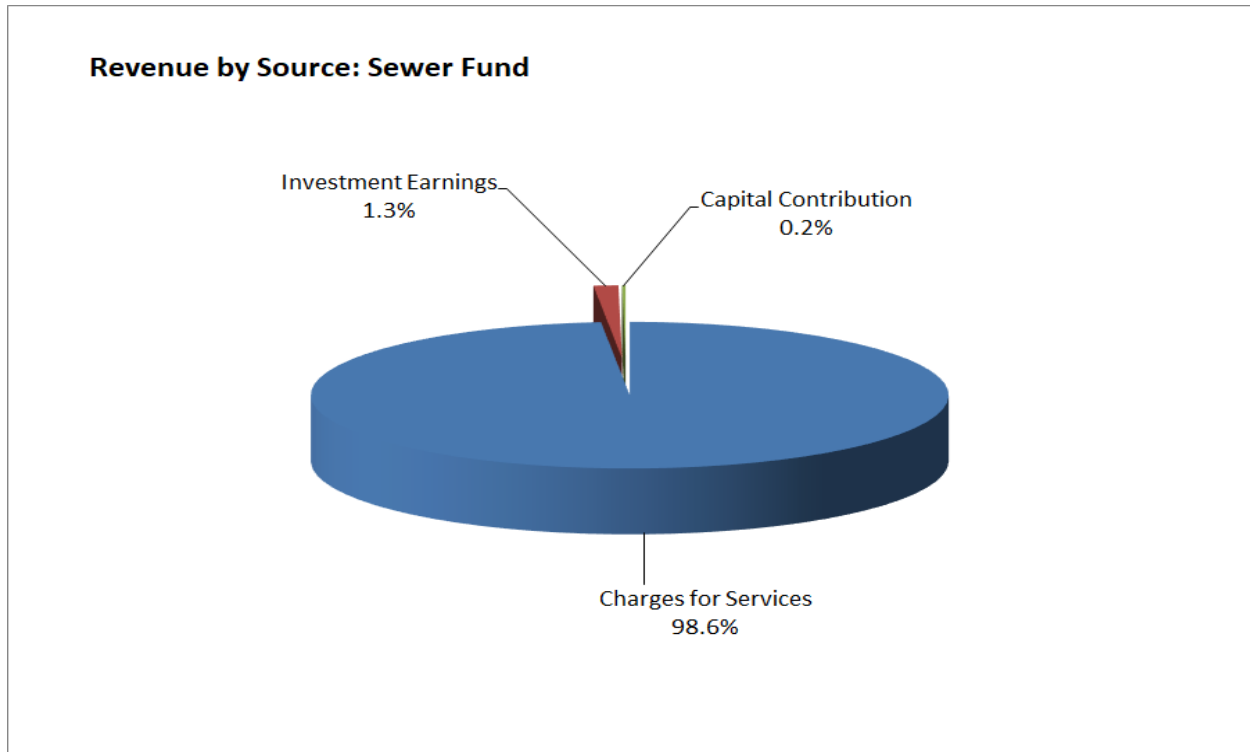
City of Daytona Beach Shores, Florida Management's Discussion and Analysis



Business-Type Activities - Business-type activities showed an overall increase to net position of \$214K including a capital contribution of \$6K. The Sewer fund produced \$208K in income before capital contributions and grants.



City of Daytona Beach Shores, Florida Management's Discussion and Analysis



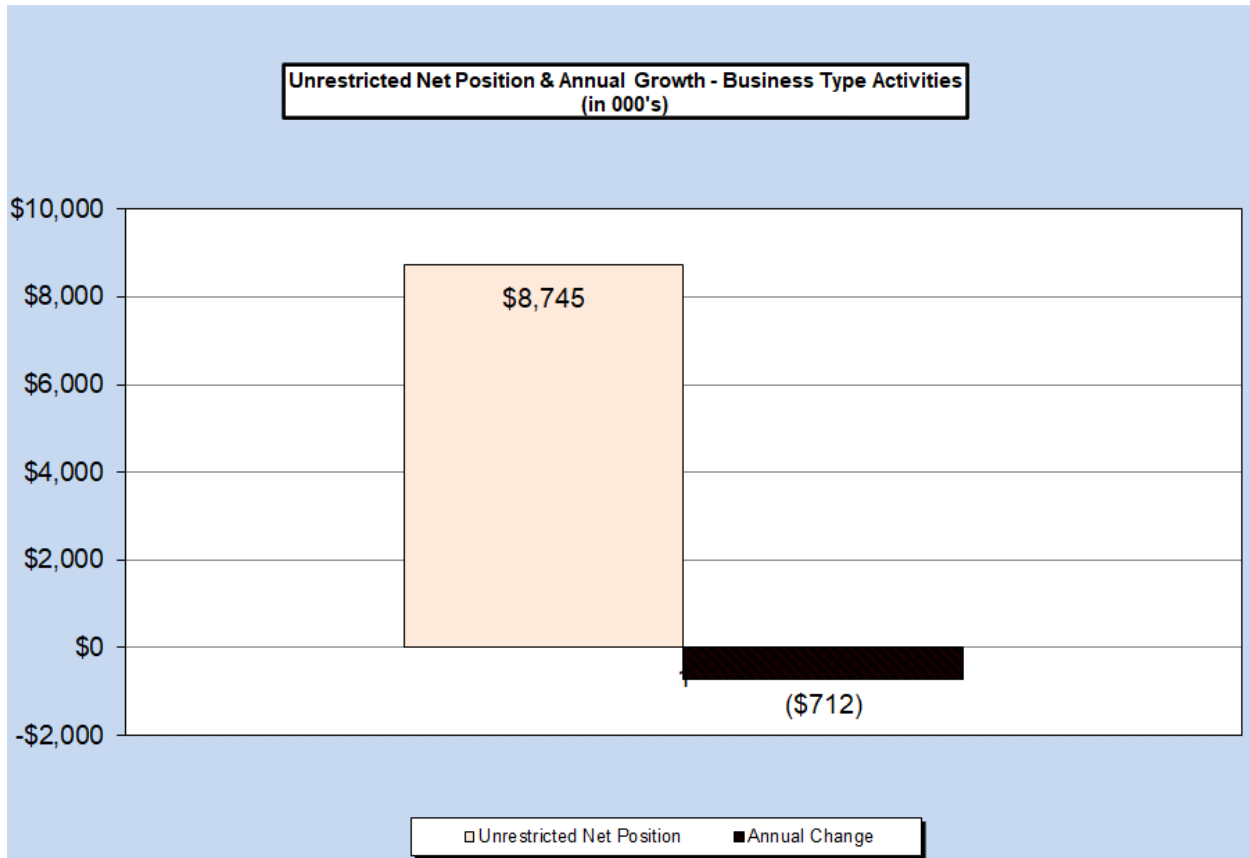
Financial Analysis of the City's Funds - As noted earlier, the City of Daytona Beach Shores uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, and balances of liquid resources. Such information is useful in assessing the City of Daytona Beach Shores' financing requirements. Fund balance may serve as a useful measure of the City's net resources available for spending at the end of a fiscal year. As of the end of the current fiscal year, the City's general fund reported a combined ending fund balance of \$17,373K, a decrease of \$2,628K [-13.1%] in comparison with the prior year due to Council-approved debt paydown. \$8,511K [49%] of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not spendable (e.g., inventory), is legally restricted to specific functions or projects, or has a revocable assignment to a specific purpose.

Proprietary Funds - The City of Daytona Beach Shores' proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Sewer Fund at the end of the year amounted to \$8,745K. Unrestricted net position for the fund decreased by \$712K [-7.5%]. Operating income was \$191K, while net non-operating revenues were \$17K. The capital contribution was \$6K.

**City of Daytona Beach Shores, Florida
Management's Discussion and Analysis**



General Fund Budgetary Highlights - The following chart represents the budget variance condition for the City's General Fund.

**General Fund Budget Variances
(in 000's)**

	Original Budget	Amended Budget	Change	Actual	Variance from Amended Budget
REVENUES & SOURCES					
Taxes	\$ 13,019	\$ 13,019	\$ -	\$ 12,945	\$ (74)
Licenses & Permits	377	377	-	438	61
Intergovernmental	814	814	-	1,004	190
Charges for Services (Incl. Internal)	2,211	2,211	-	2,305	94
Fines	103	103	-	106	3
Investment earnings (loss)	168	168	-	116	(52)
Miscellaneous	26	26	-	23	(3)
Proceeds from sale of capital assets	11	11	-	22	11
Insurance proceeds	10	10	-	7	(3)
Termination of interest rate swap	-	-	-	(386)	(386)
Total Revenues & Sources	\$ 16,739	\$ 16,739	\$ -	\$ 16,580	\$ (159)

City of Daytona Beach Shores, Florida Management's Discussion and Analysis

	Original Budget	Amended Budget	Change	Actual	Variance from Amended Budget
<u>EXPENSES</u>					
General Gov't	\$ 2,084	\$ 1,998	\$ (86)	\$ 1,760	\$ 238
Public Safety	5,791	5,803	12	5,315	488
Community Services	2,919	2,976	57	2,911	65
Culture & Recreation	777	814	37	691	123
Contingency	1,142	1,078	(64)	-	1,078
Economic development	-	10	10	2	8
Capital Outlay	1,783	1,945	162	700	1,245
Debt Service Principal	3,138	7,838	4,700	7,262	576
Debt Service Interest	567	567	-	567	-
Total Expenses	\$ 18,201	\$ 23,029	\$ 4,828	\$ 19,208	\$ 3,821

The original and amended budgets were balanced by a planned use of prior year fund balance from reserves, restricted road taxes, and restricted debt proceeds. The unbalanced condition of the budget shown above stems from an accounting treatment that does not show a planned use of prior year fund balance as revenue.

The variance between the amended expense budget and actual expense is primarily a result of the typical conservatism of budget managers with respect to spending and the retention of contingency.

The variance between the amended revenue budget and actual revenue is a function of the impact Covid-19 had on tax payers and investment rates, an increase in permit activity, and the paydown of debt per Council.

Capital Assets - The City of Daytona Beach Shores' investment in capital assets for its governmental and business-type assets as of September 30, 2020, amounts to \$45,865K (net of accumulated depreciation), a decrease of \$1,109K for the year. Governmental assets decreased \$1,078K, while business-type assets also decreased \$31K. This investment in capital assets includes land, buildings and improvements other than buildings, equipment, and construction in progress. The City's ratio of accumulated depreciation to total depreciable capital assets (excludes land and CIP) is 51.5%, up from 48.4% in the prior year. The City's asset capitalization threshold is \$10K.

City of Daytona Beach Shores, Florida Management's Discussion and Analysis

City of Daytona Beach Shores' Capital Assets (in 000's)

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land & land improvements	\$ 18,790	\$ 18,790	\$ 239	\$ 239	\$ 19,029	\$ 19,029
Buildings	21,329	21,317	299	299	21,628	21,616
Improvements other than buildings	19,038	19,038	9,493	9,493	28,531	28,531
Equipment	2,984	2,578	1,605	1,388	4,589	3,966
Construction in progress	203	2	81	-	284	2
Accumulated depreciation	(20,729)	(19,032)	(7,467)	(7,138)	(28,196)	(26,170)
Total	\$ 41,615	\$ 42,693	\$ 4,250	\$ 4,281	\$ 45,865	\$ 46,974
Latest annual change	\$ (1,078)	\$ 38,443	\$ (31)	\$ (41,584)	\$ (1,109)	
Accumulated depreciation ratio (excluding Land and CIP)	48%	44%	66%	64%	51.5%	48.4%

Additional information on the City of Daytona Beach Shores' capital assets is provided in the Financial Notes Section in Note II.D. of this report.

Long-Term Debt - At the end of the current fiscal year, the City of Daytona Beach Shores had total outstanding debt of \$6,595K. More detailed information on long-term debt activity is provided in the Financial Section at Note II.E.

City of Daytona Beach Shores' Outstanding Debt (in 000's)

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General obligation bonds payable						
payable	\$ 6,595	\$ 9,048	\$ -	\$ -	\$ 6,595	\$ 9,048
Notes/Loans payable	-	4,809	-	-	-	4,809
State Revolving Loan Payable	-	-	-	1,069	-	1,069
Other long-term liabilities:						
Compensated absences	450	400	24	20	474	420
Total	\$ 7,045	\$ 14,257	\$ 24	\$ 1,089	\$ 7,069	\$ 15,346
Change from prior year	-50.6%		-97.8%		-53.9%	

During the reported fiscal year, the outstanding debt for the City of Daytona Beach Shores decreased by \$8,331K [53.9%] due to normal debt payments and Council-approved debt reduction.

Economic Factors and Next Year's Budgets and Rates

- For tax year 2020, excluding new construction, property values in the City increased 3.6%. However, property valuation is still 9.26% below its 2007 peak. The City had \$10,434K in new construction. Despite some improving activity, west-side commercial property continues to struggle, and there remain a greater than normal number of vacant storefronts. Economic development incentives have

City of Daytona Beach Shores, Florida Management's Discussion and Analysis

been developed to help grow City business and residential investments. Council has approved \$70K in lease subsidies for six new businesses, \$80K in City land purchases (Oceans 25-25 new townhouses), and four build out grants for \$74K; 3 existing businesses and one new business.

- After a November 2006 election, a debt service ad-valorem tax was implemented to support the borrowing of up to \$30 million for underground utilities and streetscape projects. The City Council approved on August 25, 2020 a Resolution to payoff the Series 2005 debt of \$4,611K including its corresponding swap. The Council also approved on September 22, 2020 a Resolution to payoff the remaining Series 2007 and Series 2008 debt along with their corresponding swaps by September 30, 2021. The Series 2007, Series 2008 and their related swaps of \$5,278K were paid off on February 16, 2021. The City is debt-free.
- The non-voted ad-valorem tax rate for 2020/2021 was the roll back rate of 5.0476 mils, down from prior year of 5.23 mils in 2019/2020. The 2020/2021 figure is the legal "roll-back rate" as defined by state law. The general obligation debt service tax rate is 1.7350 mils, down from 1.7977 mils in FY 2019/2020, reflecting the increase in property valuations and use of the roll back rate. FY 2020/2021 will not include a debt service tax as the general obligation debt has been paid off.
- Covid-19 had a direct impact on the Community Center closing its doors from March 2020 through September 2020. Upon October 2020 opening, programs had been adjusted for social distancing and mask wearing. Facility rentals have resumed. 2020/2021 FY budget was developed with a 20% reduction in State collected revenue as determined by Volusia County cities. The City received a CARES grant for \$161K and has been granted \$1,939K through the Federal American Rescue Plan.

Requests for Information

This financial report is designed to provide a general overview of the City of Daytona Beach Shores' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Daytona Beach Shores, Finance Director, 2990 South Atlantic Avenue, Daytona Beach Shores, Florida 32118.



CITY OF DAYTONA BEACH SHORES, FLORIDA

Basic Financial Statements

City of Daytona Beach Shores, Florida
Statement of Net Position

<i>September 30, 2020 (in thousands)</i>	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,609	\$ 8,677	\$ 23,286
Receivables, net	373	541	914
Due from other governments	306	-	306
Inventory	36	-	36
Prepaid items	711	-	711
Deposits	33	-	33
Derivative instruments - interest rate swaps	384	-	384
Restricted assets:			
Temporarily restricted assets:			
Cash and cash equivalents	2,383	135	2,518
Capital assets (net of accumulated depreciation):			
Land and land improvements	18,790	239	19,029
Buildings	13,907	182	14,089
Improvements other than buildings	7,660	3,219	10,879
Machinery and equipment	1,055	529	1,584
Construction in progress	203	81	284
Total assets	60,450	13,603	74,053
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,089	163	3,252
Deferred outflows related to OPEB	261	13	274
Total deferred outflows of resources	3,350	176	3,526

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

<i>September 30, 2020 (in thousands)</i>	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable and accrued liabilities	845	101	946
Accrued interest payable	98	-	98
Payable from restricted assets:			
Customer and developer escrow deposits	-	135	135
Unearned revenue	124	-	124
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	1,610	-	1,610
OPEB liability	181	9	190
Compensated absences	450	24	474
Due in more than one year:			
General obligation bonds payable	4,985	-	4,985
Total OPEB liability, less current portion	318	17	335
Net pension liability	9,047	476	9,523
Total liabilities	17,658	762	18,420
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	415	22	437
Deferred revenue - business tax receipts	70	-	70
Accumulated increase in fair value of derivative instruments - interest rate swaps	384	-	384
Total deferred inflows of resources	869	22	891
NET POSITION			
Net investment in capital assets	35,020	4,250	39,270
Restricted for:			
Debt service	1,610	-	1,610
Road improvements	1,023	-	1,023
Law enforcement	59	-	59
Domestic violence	1	-	1
Unrestricted	7,560	8,745	16,305
Total net position	\$ 45,273	\$ 12,995	\$ 58,268

City of Daytona Beach Shores, Florida
Statement of Activities

For the year ended September 30, 2020 (in thousands)

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 2,216	\$ 968	\$ 270	\$ -
Public safety	6,365	171	3	-
Culture/recreation	928	18	-	-
Community services	3,959	1,496	253	100
Economic development	2	-	-	-
Interest and other charges	885	-	-	-
Total governmental activities	14,355	2,653	526	100
Business-type activities:				
Sewer	3,054	3,221	-	6
Total business-type activities	3,054	3,221	-	6
Total primary government	\$ 17,409	\$ 5,874	\$ 526	\$ 106

General revenues:

Property taxes

Sales taxes

Franchise and utility taxes

Grants and contributions not restricted to specific programs

Gain on sale of capital assets

Insurance proceeds

Unrestricted investment earnings

Miscellaneous revenue

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (978)	\$ -	\$ (978)
(6,191)	-	(6,191)
(910)	-	(910)
(2,110)	-	(2,110)
(2)	-	(2)
(885)	-	(885)
<u>(11,076)</u>	<u>-</u>	<u>(11,076)</u>
-	173	173
<u>-</u>	<u>173</u>	<u>173</u>
<u>(11,076)</u>	<u>173</u>	<u>(10,903)</u>
11,250	-	11,250
236	-	236
1,173	-	1,173
133	-	133
20	-	20
7	-	7
116	41	157
779	-	779
<u>13,714</u>	<u>41</u>	<u>13,755</u>
<u>2,638</u>	<u>214</u>	<u>2,852</u>
<u>42,635</u>	<u>12,781</u>	<u>55,416</u>
<u>\$ 45,273</u>	<u>\$ 12,995</u>	<u>\$ 58,268</u>

City of Daytona Beach Shores, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2020 (in thousands)</i>	General	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 14,546	\$ 63	\$ 14,609
Restricted cash and cash equivalents	2,383	-	2,383
Accounts receivable, net	373	-	373
Due from other governments	306	-	306
Inventory	36	-	36
Prepaid items	711	-	711
Deposits	33	-	33
Total assets	\$ 18,388	\$ 63	\$ 18,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 821	\$ 4	\$ 825
Unearned revenue	124	-	124
Total liabilities	945	4	949
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - business tax receipts	70	-	70
Total deferred inflows of resources	70	-	70
FUND BALANCES			
Nonspendable:			
Inventory	36	-	36
Prepaid items	711	-	711
Restricted for:			
Road improvements	1,023	-	1,023
Debt service	1,610	-	1,610
Domestic violence	1	-	1
Law enforcement	-	59	59
Assigned for:			
Underground construction project	2,382	-	2,382
Subsequent year's expenditures	3,099	-	3,099
Unassigned	8,511	-	8,511
Total fund balances	17,373	59	17,432
Total liabilities, deferred inflows of resources and fund balances	\$ 18,388	\$ 63	\$ 18,451

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

City of Daytona Beach Shores, Florida
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position

September 30, 2020 (in thousands)

Total fund balances for governmental funds	\$	17,432
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		41,615
<p>Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:</p>		
<p>Deferred outflow amounts related to:</p>		
Pensions	\$ 3,089	
Other postemployment benefits (OPEB)	261	3,350
<p>Deferred inflow amounts related to:</p>		
Pensions		(415)
<p>Long-term liabilities, including bonds and notes payable, compensated absences, accrued interest, total OPEB liability, FRS net pension liability and IBNR, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
General obligation bonds payable	\$ (6,595)	
Accrued interest payable	(98)	
Compensated absences	(450)	
Incurred but not reported (IBNR) health insurance claims	(20)	
Total OPEB liability	(499)	
Net pension liability	(9,047)	(16,709)
Net position of governmental activities	\$	45,273

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

City of Daytona Beach Shores, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

<i>For the year ended September 30, 2020 (in thousands)</i>	General	Nonmajor Funds	Total Governmental Funds
Revenues			
Taxes	\$ 12,945	\$ -	\$ 12,945
Licenses and permits	438	-	438
Intergovernmental	1,004	-	1,004
Charges for services	2,305	-	2,305
Fines and forfeitures	106	31	137
Investment income	116	-	116
Miscellaneous	23	-	23
Total revenues	16,937	31	16,968
Expenditures			
Current:			
General government	1,835	-	1,835
Public safety	5,492	5	5,497
Community services	3,248	-	3,248
Culture and recreation	802	-	802
Economic development	2	-	2
Debt service:			
Principal	7,262	-	7,262
Interest	567	-	567
Total expenditures	19,208	5	19,213
Excess (deficiency) of revenues over expenditures	(2,271)	26	(2,245)
Other financing sources (uses)			
Proceeds from sale of capital assets	22	-	22
Termination of interest rate swap	(386)	-	(386)
Insurance proceeds	7	-	7
Net other financing sources (uses)	(357)	-	(357)
Net change in fund balances	(2,628)	26	(2,602)
Fund balances, beginning	20,001	33	20,034
Fund balances, ending	\$ 17,373	\$ 59	\$ 17,432

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

City of Daytona Beach Shores, 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, 2020 (in thousands)

Net change in fund balances - total governmental funds	\$ (2,602)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$1,776) exceeded capital outlay (\$700) in the current period.</p>	(1,076)
<p>In the statement of activities, the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.</p>	(2)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.</p>	7,262
<p>Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p>	68
<p>Incurred but not reported claims for health insurance reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.</p>	19
<p>The other post employment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.</p>	(182)
<p>Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	(799)
<p>Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	(50)
<p>Change in net position of governmental activities</p>	\$ 2,638

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

City of Daytona Beach Shores, Florida
Statement of Net Position - Proprietary Fund

<i>September 30, 2020 (in thousands)</i>	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 8,677
Restricted current assets:	
Cash and cash equivalents	135
Accounts receivable, net	541
Total current assets	9,353
Noncurrent assets:	
Capital assets:	
Land	239
Buildings	299
Improvements other than buildings	9,493
Machinery and equipment	1,605
Construction in progress	81
Less accumulated depreciation	(7,467)
Total capital assets, net of accumulated depreciation	4,250
Total noncurrent assets	4,250
Total assets	13,603
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	163
Deferred outflows related to OPEB	13
Total deferred outflows of resources	176

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

Business-type
Activities -
Enterprise Fund

September 30, 2020 (in thousands)

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable and accrued liabilities	101
Compensated absences	24
Current portion of OPEB liability	9
Current liabilities (payable from restricted assets):	
Customer and developer escrow deposits	135
Total current liabilities	269
Noncurrent liabilities:	
Total OPEB liability, less current portion	17
Net pension liability	476
Total noncurrent liabilities	493
Total liabilities	762

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	22
Total deferred inflows of resources	22

NET POSITION

Net investment in capital assets	4,250
Unrestricted	8,745
Total net position	\$ 12,995

City of Daytona Beach Shores, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Fund

	Business-type Activities - Enterprise Fund
<i>For the year ended September 30, 2020 (in thousands)</i>	
<hr/>	
Operating revenues:	
Charges for services	\$ 3,221
Total operating revenues	3,221
<hr/>	
Operating expenses:	
Personnel services	664
Contractual services	1,056
Material and supplies	936
Utility service	44
Depreciation	330
Total operating expenses	3,030
<hr/>	
Operating income	191
<hr/>	
Nonoperating revenues (expenses):	
Investment earnings	41
Interest expense	(24)
Total nonoperating revenues (expenses)	17
<hr/>	
Income before contributions	208
<hr/>	
Capital contributions	6
<hr/>	
Change in net position	214
Net position, beginning of year	12,781
Net position, end of year	\$ 12,995

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

City of Daytona Beach Shores, Florida
Statement of Cash Flows – Proprietary Fund

<i>For the year ended September 30, 2020 (in thousands)</i>	Business-type Activities - Enterprise Fund
Cash flows from operating activities:	
Cash received from customers for sales and services	\$ 3,238
Cash payments to employees	(315)
Cash payments to suppliers for goods and services	(2,207)
Net cash provided by operating activities	716
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(299)
Principal paid on state revolving loans	(1,069)
Proceeds from capital grants	6
Interest paid on long-term debt	(36)
Net cash used in capital and related financing activities	(1,398)
Cash flows from investing activities:	
Investment income	41
Net cash provided by investing activities	41
Net decrease in cash and cash equivalents	(641)
Cash and cash equivalents, beginning of year	9,453
Cash and cash equivalents, end of year	\$ 8,812
Total cash and cash equivalents are presented in the statement of net position as follows:	
Cash and cash equivalents	\$ 8,677
Restricted cash and cash equivalents	135
Total	\$ 8,812

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

City of Daytona Beach Shores, Florida
Statement of Cash Flows – Proprietary Fund (continued)

<i>For the year ended September 30, 2020 (in thousands)</i>	Business-type Activities - Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 191
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	330
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	14
Deferred outflows related to pensions	(163)
Deferred outflows related to OPEB	(13)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	(171)
Compensated absences	4
Customer and developer escrow deposits	3
Total OPEB obligation	23
Net pension liability	476
Deferred inflows related to pensions	22
Total adjustments	525
Net cash provided by operating activities	\$ 716

City of Daytona Beach Shores, Florida Notes to Financial Statements *(in thousands)*

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Daytona Beach Shores, Florida (the "City") was incorporated on April 20, 1960, under the laws of the State of Florida, Florida Statutes Section 165.031(4). The City operates under a Council-City Manager form of government and provides services, as authorized by the City Charter: public safety (Police, Fire, and Building Departments), emergency management, community services, economic development, culture/recreation and general government services.

The City is a municipal corporation governed by an elected mayor and four-member governing council (the "Council"). The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The City has no blended or discretely presented component units requiring inclusion in the reporting entity.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

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

C. Measurement focus, basis of accounting and financial statement presentation

Basis of accounting refers to when revenues, expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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 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. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, permits, intergovernmental revenues, 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Federal, state, local or private grants or awards are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 12 months of year-end). All other revenue items are measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, followed by committed, assigned and unassigned resources. When expenditures have been incurred for which resources in more than one classification can be used, restricted resources are used first, then unrestricted resources are used as they are needed.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

Generally, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

E. Fund financial statements

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

The City reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The *sewer fund* accounts for sewer operations that are financed and operated in a manner like private business enterprise. The fund is intended to be predominantly self-supported from user charges.

The City's non-major governmental fund is a special revenue fund that accounts for contraband and forfeitures restricted for law enforcement use.

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

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements, short-term investments with original maturities of three months or less from the date of acquisition, money market funds, and the City's investments in external investment pools. Cash and cash equivalents for the proprietary fund statement of cash flows include cash and the City's investment in external investment pools.

Deposits available within various funds were consolidated for investment purposes. Substantially all deposits at September 30, 2020, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

Investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section 150: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the external investment pools having met these criteria is equal to the value of pooled shares.

Per its investment policy, the City is authorized to invest surplus funds as follows:

- (1) The Florida Local Government Surplus Funds Trust Fund.
- (2) Bonds, notes, or other obligations of the United States guaranteed by the United States or for which the credit of the United States is pledged for the payment of principal and interest or dividends.
- (3) Interest-bearing savings accounts and/or certificates of deposit in state-certified qualified public depositories.
- (4) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (5) Federal agencies and instrumentalities which are non-full faith and credit agencies.
- (6) Collateralized Mortgage Obligations (CMO's) supported by mortgages guaranteed by the following: Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC).
- (7) Commercial paper rated at the time of purchase, "Prime-1" by Moody's Investors Service and "A-1" by Standard & Poor's Corporation.
- (8) The Florida Municipal Investment Trust.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

2. 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 inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balance outstanding between the governmental activities is reported in the government-wide financial statements as "internal balances."

The sewer fund receivables are due from commercial and residential customers within the City of Daytona Beach Shores, Florida. The City's policy for collections is limited to collecting security deposits, the right to discontinue service and to place liens on property.

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. During a Special Session in June, 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates beginning in the 2008 fiscal year. This legislation established reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature did authorize local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The Daytona Beach Shores City Council levy for the fiscal year ended September 30, 2020 and 2019 was 5.0476 mills and 5.2300 mills, respectively.

The property tax calendar is as follows:

Valuation date..... January 1, 2019

Each taxing authority is notified of their respective valuations based on the assessment roll prepared by the property appraiser and approved by the State..... July 1, 2019

City Council holds two (2) required public hearings, adopts an ad valorem tax millage rate, and adopts the budget for the coming fiscal year..... September 2019

All real and tangible personal property taxes are payable (levy date)..... November 1, 2019

The County mails Notice of Taxes to property owners on the assessment roll..... November 2019

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

2. Receivables and payables (continued)

Taxes are paid from November 2019 through March 2020, with the following applicable discounts:

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

All unpaid taxes on real and tangible personal property become delinquent..... April 1, 2020

Tax certificates are sold on all parcels with unpaid real property taxes (lien date)..... May 31, 2020

A court order is obtained by the County authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes..... August 2020

All trade and property tax receivables are shown net of allowance for uncollectible accounts.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in, first-out (FIFO) method. Inventory consists of expendable supplies held for consumption. The cost of governmental fund-type inventories is recorded as expenditure when consumed. 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. Reported inventories and prepaid assets are equally offset by a fund balance reserve, which indicates that they do not constitute *available expendable resources* even though they are a component of net current assets.

4. Debt issuance costs

Debt issuance costs, except any portion related to prepaid insurance costs (as related to debt), should be recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. The City has no prepaid insurance costs at September 30, 2020.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

5. Restricted assets

Amounts set aside for repayment of customer deposits and amounts legally required to be used for debt service and construction are recorded as restricted assets. Amounts recorded as restricted net position are subject to external restrictions. Net position restricted for other purposes are restricted for use on law enforcement.

6. Capital assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City reported no capitalized interest for the year ended September 30, 2020.

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

Buildings	10 to 50 years
Improvements other than buildings	10 to 50 years
Equipment	3 to 20 years

Pursuant to GASB Statement No. 34, the City is exempt from being required to record and depreciate infrastructure assets acquired before the implementation date became effective. As a result, the governmental activities column in the government-wide financial statements does not reflect those infrastructure assets completed prior to October 1, 2001.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

7. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time and sick pay benefits. All vacation and a portion of compensatory time and sick pay is accrued when incurred in the government-wide and proprietary fund type financial statements. The current portion of this debt is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured, for example, because of employee resignations and retirements.

Effective for employees hired on or after September 22, 2014, all new employees will earn and utilize "personal leave time" instead of vacation or sick time that the employees can accumulate and the City will accrue when incurred in the government-wide and proprietary fund type financial statements. The current portion of this debt is estimated based on historical trends and a liability for these amounts is reported in governmental funds only if they have matured, for example, because of employee resignations and retirements.

8. Swap agreements

The City has engaged in effective interest rate swap agreements and has recorded the swap agreements at fair market value in accordance with Section 150: *Investments* of the GASB Codification.

9. Long-term debt and other 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, business-type activities, or proprietary fund type statement of net position.

For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

10. Pension and OPEB liabilities

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

10. Pension and OPEB liabilities (continued)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

11. Deferred outflows/inflows of resources

In addition to assets, the statement of net position has a separate section for deferred outflows of resources. This separate financial statement element 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 that time. In addition to liabilities, the statement of net position has 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 or adjustment to expense/expenditure) until that time.

Resources received before time requirements have been met, but after all other eligibility requirements are met, are classified as deferred inflows of resources. The unearned items consist primarily of business tax and garbage collection revenues collected in advance. These amounts are deferred and will be recognized in the next fiscal year.

The deferred outflows and inflows of resources related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows and inflows related to pensions will be recognized as either an adjustment to pension expense or a reduction in the net pension liability in future reporting years.

The deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred outflows and inflows of resources related to OPEB will be recognized as either an adjustment to OPEB expense or a reduction in the total OPEB liability in future reporting years. There were no deferred inflows of resources related to OPEB at September 30, 2020.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

11. Deferred outflows/inflows of resources (continued)

Details on the composition of deferred outflows related to pensions and OPEB are reported in subsequent notes.

Deferred revenue – business tax receipts are amounts deferred in both the government-wide statement of net position and the governmental fund balance sheet and recognized as an inflow of resources in the period that the amounts become available in accordance with GASB Codification N50: *Nonexchange Transactions*.

12. Fund equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance – Amounts that are inherently not spendable because of their form (such as inventory) and/or that cannot convert or are not readily convertible to cash (such as prepaid assets or the long-term portion of loans receivable).

Restricted Fund Balance – Amounts that have externally enforceable limitations on their use. These amounts are constrained to the specific purposes by their providers (such as grantors, bondholders, or higher levels of government pursuant to enabling legislation, e.g., gas tax revenues that must be used for road repairs).

Committed Fund Balance – Amounts that have self-imposed limitations established through actions of the City Council (the City's highest level of decision making authority) set in place prior to the end of a financial reporting period. These amounts cannot be used for any other purpose unless the City Council acts to remove or change the limitation. The City had no committed fund balance at September 30, 2020.

Assigned Fund Balance – Amounts that the City intends to use for a specific purpose. The authority for such intent may be expressed by the City Council, or is herein delegated independently to the City Manager and/or Finance Director.

Unassigned Fund Balance – The remaining portion of fund balance which is spendable and not obligated or specifically designated, and thus, available for any purpose.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

13. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

14. Subsequent events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 19, 2021. See Note III.E. for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

15. Recently issued and implemented accounting pronouncements

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

15. Recently issued and implemented accounting pronouncements (continued)

an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

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

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned. In accordance with Florida Statutes, as of September 30, 2020, all the City’s bank balances are held with qualified public depositories. Monies invested in amounts greater than federal depository insurance (FDIC) coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses per the validated claims of the City pursuant to Section 280.08, Florida Statutes. At September 30, 2020, the City’s carrying amount of cash deposits was \$25,804, including petty cash, and the bank balance was \$25,756.

At September 30, 2020, the City held investments of \$1 in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (“Florida PRIME”) external investment pool. The Florida PRIME is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight. Florida PRIME currently meets all of the necessary criteria set forth in Section In5: *Investment Pools (External)* of the GASB Codification to measure its investments at amortized costs; therefore, the City’s account balance in the SBA is also reported at amortized cost.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool’s authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City’s access to 100 percent of their account value in their external investment pool.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of an investment in debt securities as described by a nationally recognized rating organization. As a means to limiting its exposure to credit risk, the City limits investments to government-back securities or investments with a credit rating of A-1.

The City’s investment in Florida PRIME had a fair value of \$1 at September 30, 2020. The weighted average to maturity as of that same date was 48 days and the credit rating was AAAM as rated by Standard & Poors.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City’s investment policy does not limit the maturities of investments to reduce the interest rate risk for the primary government.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Concentration of credit risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents 5% or more of total investments, excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools and other pooled investments.

The City’s investment policy limits the maximum amount that may be invested in federal instruments and collateralized mortgage obligations to be 50%, with no individual issue to exceed 20% of the total portfolio; investments in federal agencies may not exceed 40% with no one individual issuer exceeding 5% of the portfolio; and investments in non-negotiable certificates of deposit not to exceed 20% of the portfolio.

Foreign currency risk – The City’s investments are not exposed to foreign currency risk. The City’s investment policy does not address foreign currency risk.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. 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. There have been no changes in the methodologies used at September 30, 2020.

The City has the following recurring fair value measurements as of September 30, 2020:

- *Investment derivative instrument* – pay-fixed, receive-variable interest rate swap valued using a market approach that considers benchmark interest rates (Level 2 inputs).

B. Restricted Assets

The balances of the restricted asset accounts in the governmental and business-type activities at September 30, 2020 are as follows (*in thousands*):

	Governmental Activities	Business-type Activities
Construction financing account	\$ 2,383	\$ -
Customer and developer deposit accounts	-	135
Totals	\$ 2,383	\$ 135

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

C. Receivables

Receivables and amounts due from other governments as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands):

Receivables:	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 7	\$ -	\$ 7
Solid waste	126	-	126
Utilities	80	541	621
Franchise	160	-	160
Gross receivables	373	541	914
Less: allowance for uncollectible accounts	-	-	-
Total net receivables	\$ 373	\$ 541	\$ 914

D. Capital assets

Capital asset activity for the year ended September 30, 2020 was as follows (in thousands):

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 18,790	\$ -	\$ -	\$ 18,790
Construction in progress	2	203	(2)	203
Total capital assets, not being depreciated	18,792	203	(2)	18,993
Capital assets, being depreciated:				
Buildings	21,317	12	-	21,329
Improvements other than buildings	19,038	-	-	19,038
Machinery and equipment	2,578	485	(79)	2,984
Total capital assets being depreciated	42,933	497	(79)	43,351
Less accumulated depreciation for:				
Buildings	(6,699)	(723)	-	(7,422)
Improvements other than buildings	(10,563)	(815)	-	(11,378)
Machinery and equipment	(1,770)	(238)	79	(1,929)
Total accumulated depreciation	(19,032)	(1,776)	79	(20,729)
Total capital assets being depreciated, net	23,901	(1,279)	-	22,622
Governmental activities capital assets, net	\$ 42,693	\$ (1,076)	\$ (2)	\$ 41,615

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 239	\$ -	\$ -	\$ 239
Construction in progress	-	81	-	81
Total capital assets, not being depreciated	239	81	-	320
Capital assets, being depreciated:				
Buildings	299	-	-	299
Improvements other than buildings	9,493	-	-	9,493
Machinery and equipment	1,387	218	-	1,605
Total capital assets being depreciated	11,179	218	-	11,397
Less accumulated depreciation for:				
Buildings	(107)	(10)	-	(117)
Improvements other than buildings	(6,035)	(239)	-	(6,274)
Machinery and equipment	(995)	(81)	-	(1,076)
Total accumulated depreciation	(7,137)	(330)	-	(7,467)
Total capital assets, being depreciated, net	4,042	(112)	-	3,930
Business-type activities capital assets, net	\$ 4,281	\$ (31)	\$ -	\$ 4,250

The \$2 decrease in construction in progress in the governmental activities is related to costs capitalized in a prior year for a project that was abandoned in the current year. These costs were recognized as expense in the current year.

Depreciation expense was charged to functions/programs of the City as follows (in thousands):

Governmental activities:	
General government	\$ 293
Public safety	512
Community services	822
Culture/recreation	149
Total depreciation expense - governmental activities	\$ 1,776
Business-type activities:	
Sewer	\$ 330

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt

General obligation bonds payable

On October 1, 2007, the City issued \$10,000 of General Obligation Bonds, Series 2007, for the purpose of financing costs of certain streetscape and improvements, including the undergrounding of utilities. This debt was considered Community Redevelopment Area (CRA) debt until its termination in fiscal year 2013 upon completion of the community redevelopment activities. The bonds are subject to redemption prior to their maturity at the option of the City.

On October 1, 2008, the City issued \$10,000 of General Obligation Bonds, Series 2008, for the purpose of financing costs of certain streetscape and improvements, including the undergrounding of utilities. The bonds are subject to redemption prior to their maturity at the option of the City.

On October 1, 2009, the City converted an expiring \$10,000 credit line to a term note secured by tax incremental financing revenues (TIF). Some of the proceeds of this note had been expended via the credit line in prior years. Included in these expenditures was \$5,593 in land purchases that supported the purposes of the City's general fund voter-approved general obligation debt issue.

During fiscal year 2009, it was determined that the future valuation of properties within the boundaries of the redevelopment area would fall below the baseline increment value (eliminating TIF revenues). In April 2010, the City negotiated with the note holder to re-securitize the balance of the note (\$8,970) under the City's general obligation bond issue, receiving a reduction in the interest charged on the note as consideration. In conjunction with this re-securitization, the debt proceeds that had yet to be repaid (\$8,970) were transferred from the community redevelopment agency fund to the voter approved General Obligation Bonds housed in the City's general fund.

In recognition of this transfer of the remaining debt obligation from the community redevelopment agency fund to the General Obligation Bonds, the general fund was allocated the assets of the community redevelopment agency fund equal to the remaining obligation. These assets consisted of \$5,593 in land previously acquired in the community redevelopment agency fund that fulfilled the purpose of the voter-approved debt issue, and \$3,378 in cash. Accordingly, the City recorded a transfer of \$3,378 from the community redevelopment agency fund to the general fund. The community redevelopment agency fund was subsequently closed out.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt (continued)

General obligation bonds payable (continued)

General obligation bonds outstanding at year end are as follows (*in thousands*):

Governmental activities:

General obligation bonds, Series 2007, original issuance amount of \$10,000 and associated interest swap, due \$485 to \$890 annually through 2022; interest at 4.068% payable quarterly, secured by the full faith, credit and resources of the City.	\$ 2,555
General obligation bonds, Series 2008, original issuance amount of \$10,000 and associated interest swap, due \$435 to \$1,735 annually through 2023; interest at 4.137% payable quarterly, secured by the full faith, credit and resources of the City.	3,955
General obligation bonds, Series 2010, original issuance amount of \$8,970 with fixed interest of 3.45%; principal and interest of \$85 is payable monthly through 2021.	85
Total general obligation bonds payable - governmental activities	\$ 6,595

As a means of lowering its borrowing costs, when compared against fixed rate bonds at the time of issuance, the City entered into interest rate swap agreements with the bank issuing its \$20,000 of variable rate bonds. The intention of the swaps was to effectively change the City's variable rate bonds to synthetic fixed rates of 4.068% for the series 2007 bonds and 4.137% for the series 2008 bonds.

Under the swap agreements, the City pays the counterparty interest calculated at fixed rates, as described above. In return, the counterparty owes the City interest based on 63.7% of the 3-Month London Interbank Offering Rate (LIBOR) plus a spread of 0.7%. Only the net difference in the interest payments is exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The swap agreements have terms of 15 years and the associated variable-rate bonds had an initial \$20,000 principal amount combined with like terms.

The debt service requirements of the variable-rate debt and net swap payments are shown below assuming current interest rates remain the same. The current variable rate as of September 30, 2020, is 0.750% on the series 2007 and series 2008 bonds. Therefore, the interest rate as of the same date is 3.219% related to the series 2007 swap, and 3.288% related to the series 2008 swap, calculated as the difference between the synthetic fixed rates and the variable rate.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt (continued)

General obligation bonds payable (continued)

The notional amounts on the swaps are \$2,555 and \$3,955 on the series 2007 and series 2008 bonds, respectively, at September 30, 2020. The series 2007 and 2008 swap agreements were entered on October 1, 2007 and October 1, 2009 and mature on October 1, 2022 and October 1, 2023, respectively. There are no embedded options on the swap agreements and no cash was paid or received when the swap agreements were entered into.

Principal and interest paid for the current fiscal year was \$2,748, and pledged gross revenues were \$11,250. As of September 30, 2020, principal and interest to maturity in 2024 to be paid from pledged future revenues totaled \$7,228.

Annual debt service requirements to maturity for the City's general obligation bonds payable are as follows (in thousands):

<i>Year ending September 30,</i>	Governmental Activities				Total
	Principal	Interest	Interest Swap		
2021	\$ 1,610	\$ 84	\$ 168	\$	1,862
2022	1,590	73	114		1,777
2023	1,660	63	59		1,782
2024	1,735	72	-		1,807
Totals	\$ 6,595	\$ 292	\$ 341	\$	7,228

Notes payable

During the fiscal year ended September 30, 2020, the City paid the Note Payable, Series 2005, in advance of its scheduled maturity date, resulting in an economic gain of \$409. There is no balance outstanding at year-end. In conjunction with the payoff of the note payable, the City terminated the related interest rate swap agreement. The fees paid to terminate the interest rate swap agreement were \$386.

Interest rate swap agreements

As described above, the City has interest rate swap agreements related to certain outstanding bonds payable. The swaps have an aggregate negative fair value of \$384, and aggregative notional amounts of \$6,510 as of September 30, 2020.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt (continued)

Interest rate swap agreements (continued)

The negative fair value of the swaps may be countered by reductions in total interest payments required under the variable-rate bonds and notes payable, creating lower synthetic rates. Because the payments on the City's variable-rate bonds and notes payable adjust to changing interest rates, the bonds and notes do not have corresponding fair value increases. The fair values of the swaps were obtained from the counterparty and are based on the quoted market price using the mark-to-market method. The change in fair value of the remaining interest rate swap agreements for the year ended September 30, 2020 was \$42.

As of September 30, 2020, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the fair value of the swaps become positive, the City would be exposed to credit risk in the amount of each derivative's fair value. As of September 30, 2020, the swaps' counterparty was rated A by Fitch Ratings. The calculation of variable interest payments is estimated. It is calculated based upon total interest to be paid less the calculated amount of swap interest to be paid.

State revolving loans

During the fiscal year ended September 30, 2020, the City paid the remaining principal balance of its State Revolving Loans in advance of the maturity date, resulting in an economic gain of \$41. There is no balance outstanding at year-end.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2020, is as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes from direct borrowings:					
Series 2005	\$ 4,809	\$ -	\$ (4,809)	\$ -	\$ -
Bonds from direct borrowings:					
Series 2007	3,335	-	(780)	2,555	815
Series 2008	4,630	-	(675)	3,955	710
Series 2010	1,083	-	(998)	85	85
Total notes and bonds from direct borrowings	13,857	-	(7,262)	6,595	1,610
Compensated absences	400	482	(432)	450	450
Governmental activities long-term liabilities	\$ 14,257	\$ 482	\$ (7,694)	\$ 7,045	\$ 2,060

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt (continued)

Changes in long-term liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Notes from direct borrowings:					
State revolving loans	\$ 1,069	\$ -	\$ (1,069)	\$ -	\$ -
Total notes from direct borrowings	1,069	-	(1,069)	-	-
Compensated absences	20	16	(12)	24	24
Business-type activities long-term liabilities	\$ 1,089	\$ 16	\$ (1,081)	\$ 24	\$ 24

The City's outstanding bonds from direct borrowings related to the 2008 and 2010 series of \$4,040 contain a provision that in the event of default, outstanding amounts become immediately due if the City is unable to make payment.

For the governmental activities, compensated absences are generally liquidated by the General Fund.

The derivative contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The City or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contracts. If the swaps were terminated, the variable-rate notes and bonds would no longer carry synthetic interest rates. Also, if at the time of termination, a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value as of that date.

F. Florida Retirement System

On December 10, 2019, the City Council passed Resolution 2019-23 allowing the City's general employees to elect one of three (3) retirement options – (1) Elect to participate in the FRS Pension Plan, rollover their balance in the Retirement Plan and Trust for the General Employees (RPTGE) (the 401(a) Plan) and have the City complete a buyback option for prior years' service; (2) elect to participate in the FRS Pension Plan as of February 1, 2020 and leave their current balance in the RPTGE; or (3) remain in the RPTGE. At year-end, two employees remained in the RPTGE. Funds rolled over from the RPTGE and the Senior Management Service Class Pension Plan (SMSCPP) in the amount of \$2,723 were remitted to the FRS Pension Plan to purchase service time for the City's participating employees. The City contributed an additional \$175 to complete the buyback of prior years' service for the employees joining the FRS Retirement Plan.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

F. Florida Retirement System (continued)

Plan description. The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

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

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

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.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

F. Florida Retirement System (continued)

Contributions. The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2020, were as follows:

	FRS	HIS
Regular class	8.34%	1.66%
Special risk class	22.79%	1.66%
Senior management service class	25.63%	1.66%
DROP	15.32%	1.66%
Re-employed retiree	⁽¹⁾	1.66%

⁽¹⁾ Contribution rates are dependent upon the retirement class in which the employee was re-employed.

The employer's contributions for the year ended September 30, 2020, were \$701 to the FRS Pension Plan and \$66 to the HIS Program.

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2020. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 8,259	\$ 1,264
Proportion at:		
Current measurement date	0.0191%	0.0104%
Prior measurement date	0.0178%	0.0084%
Decrease in proportionate share	0.0013%	0.0020%
Pension expense (benefit)	\$ 1,745	\$ 128

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

F. Florida Retirement System (continued)

Deferred outflows/inflows of resources related to pensions. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 316	\$ -	\$ 52	\$ 1
Changes of assumptions	1,495	-	136	74
Net difference between projected and actual earnings on pension plan investments	492	-	1	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	373	312	199	50
Employer contributions subsequent to the measurement date	170	-	18	-
Total	\$ 2,846	\$ 312	\$ 406	\$ 125

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021.

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year ending September 30,</i>	FRS		HIS	
2021		\$ 508		\$ 55
2022		734		48
2023		605		25
2024		390		36
2025		127		46
Thereafter		-		53
Total		\$ 2,364		\$ 263

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for both the FRS Pension Plan and for the HIS Program were determined by actuarial valuations dated July 1, 2020. The individual entry age actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

F. Florida Retirement System (continued)

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases, including inflation	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

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

The following changes in key actuarial assumptions occurred in 2020:

FRS:

- The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.
- The assumed rate of inflation was decreased from 2.60% to 2.40%.

HIS:

- The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.
- The assumed rate of inflation was decreased from 2.60% to 2.40%.
- Mortality assumptions for the HIS Program were changed from the Generational RP-2000 with Projection Scale BB to the PUB2010 base tables projected generationally with Scale MP-2018.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model developed during 2020 by an outside investment consultant to the Florida State Board of Administration. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 2.40%.

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

F. Florida Retirement System (continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
Total allocation	100.0%		

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. The 6.80% reported investment return assumption differs from the 7.00% investment return assumption chosen by the 2020 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis and the depletion date is considered to be immediate, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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

	FRS			HIS		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$ 13,188	\$ 8,259	\$ 4,142	\$ 1,461	\$ 1,264	\$ 1,103

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

G. Defined contribution pension plans

Retirement Plan and Trust for the General Employees (RPTGE) – RPTGE is a defined contribution pension plan established by the City to provide benefits at retirement to general employees of the City who began with the City after December 31, 1995. RPTGE is affiliated with the Florida Municipal Pension Trust (FMPT), an agent multiple employer pension plan administered by Florida League of Cities. FMPT pools the administrative and investment functions for single-employer plans. Separate accounts are maintained for each employer and the City's contributions provide benefits for its employees. The City contributes 10% of eligible employee's payroll who were employed prior to May 1, 2010 and 6% of eligible payroll for employees that begin after May 1, 2010. Employees vest 100% of their benefits after three years. City Ordinance 96-10 assigns the authority to establish and amend the plan provisions and contribution requirements of RPTGE. Employee contributions are not permitted.

During fiscal year 2020, the City closed the RPTGE to new entrants and account balances for employees electing to join the FRS Pension Plan were forfeited to the City and used to buy service time in the FRS Pension Plan. At September 30, 2020, there were 2 plan members remaining in the RPTGE.

For the years ended September 30, 2020 and 2019, the total covered payroll was \$738 and \$1,776, respectively. The amount of pension expense was \$67 for fiscal year 2020 and \$157 for fiscal year 2019.

Senior Management Service Class Pension Plan (SMSCPP) – Effective October 4, 1999, the City entered a pension agreement with the ICMA Retirement Corporation, under which the ICMA Retirement Corporation provides full administration of the Senior Management Service Class Pension Plan (SMSCPP). This plan is a single employer, defined contribution pension plan under which the City Manager and key members of management are covered. The plan calls for immediate vesting. Plan provisions and contribution requirements are established by Resolution 2000-06 and were amended by the City Council on March 5, 2018. As of the date of this amendment, employer contributions will match that of FRS Senior Management Service Class rates and covered employees will contribute at least 3% of their compensation.

During fiscal year 2020, the City closed the SMSCPP. Account balances for participating employees were forfeited to the City and used to buy service time in the FRS Pension Plan. At September 30, 2020, there were no plan members remaining in the SMSCPP.

The amount of covered payroll for the years ended September 30, 2020 and 2019 was \$105 and \$277, respectively. The amount of pension expense was \$17 for fiscal year 2020 and \$45 for fiscal year 2019.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

H. Pension expense

The total pension expense for the year ended September 30, 2020 is aggregated as follows:

Florida Retirement System	\$ 1,873
Retirement Plan and Trust for General Employees	67
Senior Management Service Class Pension Plan	17
<u>Total pension expense</u>	<u>\$ 1,957</u>

Pension liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, pension liabilities are generally liquidated by the General Fund.

I. Post-employment benefits other than pensions (OPEB)

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Employer Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria* of the GASB Codification, for certain postemployment health care benefits provided by the City.

Plan description. The City administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City’s ordinances) the opportunity to participate in this Plan at the same cost that is applicable to active employees. No explicit subsidy is provided to retirees except for department heads, who receive an explicit subsidy to age 65 equal to the difference between the total plan cost and the amount charged to active employees. Eligible participants include all employees who retire from the City 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.

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the City’s insurance coverage becomes secondary to the retiree’s Medicare insurance.

Benefit provisions for the Plan are established under the authority and policies of the City Manager and may be amended by the City Manager. The Council approves the City’s annual budget and, therefore, indirectly approves the annual costs associated with the Plan. The City has not established a trust or agency fund for the Plan. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City’s basic financial statements.

Funding policy. The City is funding the Plan on a pay-as-you-go basis. Employees and their dependents are required to pay 100% of the estimated pro rata annual cost of the Plan. There is an implied subsidy in the insurance premiums for these employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-employment benefits other than pensions (OPEB) (continued)

For the year ended September 30, 2020, the City will recognize OPEB expense of \$191, which includes an estimate of the explicit and implied subsidy contributions described above. There were no contributions made by Plan members for the year ended September 30, 2020.

Plan membership. Plan membership as of September 30, 2020 was:

	Number of covered individuals
Inactive members currently receiving benefits	-
Inactive members currently entitled to but not yet receiving benefits	-
Active members	81
Total	81

Actuarial assumptions and other inputs. The OPEB liability was determined based on the following assumptions and information:

Employer’s reporting date:	September 30, 2020
Measurement date:	September 30, 2020
Valuation date:	October 1, 2019
 Salary Increases:	 3.00% per annum
 Discount Rate:	 2.14% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
 Cost-of-living increases:	 Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
 Healthcare cost trend rates:	 Increases in healthcare costs are assumed to be 7.00% for fiscal year 2020 graded down by 0.50% per year to 5.00% for fiscal year 2024 and later fiscal years.
 Age-related morbidity:	 Healthcare costs are assumed to increase each year of age in accordance with the rates set forth in the Society of Actuaries report “Health Care Costs – From Birth to Death” prepared by Dale H. Yamamoto (June 2013).

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-employment benefits other than pensions (OPEB) (continued)

Implied Subsidy:	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for fiscal year 2020 based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increase in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.
Mortality Basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2017.
Retirement:	For general employees, retirement is assumed to occur at age 62; for police officers, retirement is assumed to occur at age 55.
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:	2.5% of eligible employees are assumed to elect medical coverage upon retirement or disability, with one third 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.
Changes:	Since the prior measurement date, the discount rate was decreased from 3.58% per annum to 2.14% per annum; the morbidity assumption was changed from 3.50% at each age to the rate described above; and the mortality basis was changed from the RP-2000 Combined and Blue Collar Mortality Tables with generational improvements using Scale BB to the PUB-2010 Mortality Table with generational improvements using Scale MP-2017.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-employment benefits other than pensions (OPEB) (continued)

Total OPEB liability. The components of the total OPEB liability at September 30, 2020 were as follows:

Total OPEB liability	Fiduciary net position	OPEB liability	Funded percentage
\$ 525	\$ -	\$ 525	0%

The changes in the OPEB liability for the year ended September 30, 2020 were as follows:

	Total OPEB Liability
Balance as of September 30, 2019	\$ 60
Service Cost	36
Interest	2
Changes of assumptions	206
Changes in benefit terms	156
Demographic experience	95
Benefit payments	(30)
Balance as of September 30, 2020	\$ 525

Sensitivity of the total OPEB liability. The following presents the City's OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate.

	1% decrease (1.14%)	Discount rate (2.14%)	1% increase (3.14%)
Total OPEB liability	\$ 556	\$ 525	\$ 496

The following presents the City's OPEB liability as if it were calculated using a healthcare trend rate that is one percentage-point lower or higher than the current trend rate.

	1% decrease in trend rate	Current trend rate	1% increase in trend rate
Total OPEB liability	\$ 482	\$ 525	\$ 575

Deferred inflows and outflows of resources. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note II: DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-employment benefits other than pensions (OPEB) (continued)

	Deferred Outflows	Deferred Inflows
Net difference between expected and actual investment earnings	\$ 274	\$ -
Total	\$ 274	\$ -

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

<i>Year ended</i>	Future Recognition
2021	\$ 26
2022	26
2023	26
2023	26
2024	26
Thereafter	144
Total	\$ 274

J. Asset retirement obligations

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

The City has an underground fuel storage tank which is regulated by Florida Administrative Code (FAC) 62-762, and requires certain activities if use of the fuel storage tank is discontinued. The City has determined the fair value of the liability for the disposal of this item is immaterial at September 30, 2020 and, accordingly, has not recorded an asset retirement obligation for this matter.

K. Rental income

The City receives lease revenue for certain buildings on a month-to-month basis with monthly rental payments ranging from \$324 to \$1,000 (*in hundreds*). Rent received during the year ended September 30, 2020 was \$20 (*in thousands*).

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note III: OTHER INFORMATION

A. 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; worker's compensation and natural disasters. The City carries insurance for worker's compensation, inland marine, automobile physical damage, and certain bonds through membership in the Preferred Governmental Insurance Trust (the "Trust"). All claims are handled by Preferred Governmental Claims Solutions, the third party administrator of the Trust.

The Trust is a pooled-risk insurance program established to provide certain liability, casualty, and property coverage to participating units of local governments in Florida, pursuant to various provisions of Florida Statutes. The Trust's underwriting and rate setting policies were established after consulting with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any. The City currently does not carry named windstorm coverage.

There have been no significant reductions in insurance coverage during the fiscal year 2020. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

The City adopted a self-insurance program for employee health insurance coverage effective October 1, 2006, instituting a high deductible, self-funded HRA health insurance program, which pays 100% of a fixed level of claims for each employee, and provides discounted rates and co-insurance capped by a catastrophic claims limit.

The uninsured risk of loss is \$60 deductible per covered person and \$601 in the aggregate plus expended employee HRA accounts for a policy year. Commercial insurance for claims more than the coverage provided by the City is supplied by a private insurance company. The City has contracted with outside agencies to perform certain administrative functions, such as monitoring, reviewing and paying claims. Settled claims have not exceeded commercial excess coverage in any of the past three years.

All departments of the City participate in the program and make payments based on estimates of amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2020, the City reported a liability of \$62 in the general fund and \$3 in the sewer fund with an additional \$19 as Incurred but Not Reported Claims (IBNR) for a total liability of \$84. Both are included in accounts payable and accrued liabilities.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (in thousands)

Note III: OTHER INFORMATION (Continued)

A. Risk management (continued)

Changes in the estimated accrued claims payable in fiscal years 2020 and 2019 were as follows:

	2020	2019
Balance, beginning of year	\$ 91	\$ 63
Current year claims and changes in estimate	983	942
Claims payments	(990)	(914)
Balance, end of year	\$ 84	\$ 91

B. Litigation

Various other suits in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities that may arise from such actions would not result in losses that would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial position of the City or results of operations.

C. Commitments and contingencies

The City has active construction projects as of September 30, 2020 for various projects including the construction of a hydrocourt tennis court, GIS model utility mapping and the replacement of the roof on the Public Safety Building. At year-end, the City's commitments with contractors and engineers totaled \$301. The commitments are being financed from general revenues.

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

On September 9, 2019, the City entered into an agreement to lease property to an unrelated third party. Pursuant to this agreement, the City will expend up to \$150 for demolition to prepare the property for build-out (construction) by the new tenant. The initial lease term will be for 10 years for \$12,000 per year, adjusted by the Consumer Price Index for All Urban Consumers. The lease term will begin once the tenant completes its capital investment in the property; construction is expected to be completed in fiscal year 2021.

City of Daytona Beach Shores, Florida
Notes to Financial Statements (*in thousands*)

Note III: OTHER INFORMATION (Continued)

D. Uncertainties

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the City's return on investments and the City's proportionate share of the Florida Retirement System investments have experienced similar volatility. Such declines in the fair value of investments held by or on behalf of the City may materially and adversely impact the City's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.

E. Subsequent events

On November 10, 2020, the City sold property located at 2900 South Atlantic Avenue to a developer for \$801.

On December 8, 2020, the City approved amended lease agreements with Halifax Health and demolition on the site was authorized to begin.

On February 16, 2021, the City defeased and redeemed the Series 2007 General Obligation Bonds and the Series 2008 General Obligation Bonds with payments of \$1,742 and \$3,248, respectively.

On February 17, 2021, the City terminated the interest rate swap agreements related to the Series 2007 General Obligation Bonds and the Series 2008 General Obligation Bonds with payments of \$71 and \$219, respectively.



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REQUIRED SUPPLEMENTARY INFORMATION



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City of Daytona Beach Shores, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual – General Fund

<i>For the year ended September 30, 2020 (in thousands)</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 13,019	\$ 13,019	\$ 12,945	\$ (74)
Licenses and permits	377	377	438	61
Intergovernmental	814	814	1,004	190
Charges for services	2,211	2,211	2,305	94
Fines and forfeitures	103	103	106	3
Investment income	168	168	116	(52)
Miscellaneous	26	26	23	(3)
Total revenues	16,718	16,718	16,937	219
Expenditures				
Current:				
General government	2,084	1,998	1,760	238
Public safety	5,791	5,803	5,315	488
Community services	2,919	2,976	2,911	65
Culture and recreation	777	814	691	123
Contingency	1,142	1,078	-	1,078
Economic development	-	10	2	8
Capital outlay	1,783	1,945	700	1,245
Debt service:				
Principal	3,138	7,838	7,262	576
Interest	567	567	567	-
Total expenditures	18,201	23,029	19,208	3,821
Excess (deficiency) of revenues over (under) expenditures	(1,483)	(6,311)	(2,271)	4,040
Other financing sources (uses)				
Proceeds from sale of capital assets	11	11	22	11
Proceeds from insurance recovery	10	10	7	(3)
Termination of interest rate swap	-	-	(386)	(386)
Net other financing sources (uses)	21	21	(357)	(378)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,462)	(6,290)	(2,628)	3,662
Fund balances, beginning of year	20,001	20,001	20,001	-
Fund balances, end of year	\$ 18,539	\$ 13,711	\$ 17,373	\$ 3,662

City of Daytona Beach Shores, Florida

Budgetary Notes to Required Supplementary Information

A. Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for all funds, except for the non-major special revenue fund. Budgeted amounts reflected in the accompanying budget and actual comparisons are as adopted, and subsequently amended, by the City Council. All annual appropriations lapse at fiscal year-end.

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

- The City Manager annually prepares and submits to the City Council a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- The required number of public hearings are held by the City Council to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through passage of a resolution.
- Any budget revisions that increase the total expenditures of a fund must be approved by the City Council. The City Manager is authorized to approve line item budget transfers within a fund without approval of City Council. The Finance Director is authorized to approve line item budget transfers within a department without approval of City Council. The level of classified account detail at which expenditures may not legally exceed appropriations is within a department by fund (i.e. general government, public safety, community services, culture/recreation, contingency, economic development).
- Formal budgetary integration is employed as a management control device during the year for the general fund. The non-major special revenue fund is appropriated in the manner provided for in Florida Statutes Chapter 932.7055, and accordingly, formal budgetary integration is not used.

City of Daytona Beach Shores, Florida
Required Supplementary OPEB Information
Schedule of Changes in Total OPEB Liability and Related Ratios

<i>September 30, (in thousands)</i>	2020	2019	2018
Total OPEB liability - beginning	\$ 60	\$ 54	\$ 49
Changes due to:			
Service cost	36	4	4
Interest	2	2	2
Changes of assumptions	206	1	-
Changes of benefit terms	156	-	-
Demographic experience	95	-	-
Benefit payment	(30)	(1)	(1)
Net changes in total OPEB Liability	465	6	5
Total OPEB liability - ending	\$ 525	\$ 60	\$ 54
Covered-employee payroll for the measurement period	\$ 4,480	\$ 3,920	\$ 3,920
Total OPEB Liability as a percentage of covered employee payroll	11.72%	1.53%	1.38%

Notes:

(1) The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions*, in 2018. The City must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

(2) The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASBS No. 75 to pay related benefits.

(3) There is no actuarial determined contribution to the OPEB plan.

(4) Since the prior measurement date, the morbidity assumption changed from 3.50% at each age to the rates set forth in the Yamamoto report and the mortality basis was changed from the RP-2000 tables to the PUB-2010 mortality tables.

(5) Since the prior measurement date, an explicit subsidy was added for department heads.

(6) The following discount rate was used in each period:

9/30/2020 - 2.14%

9/30/2019 - 3.58%

9/30/2018 - 3.64%

9/30/2017 - 3.35%

City of Daytona Beach Shores, Florida
Required Supplementary Pension Information
Schedule of Proportionate Share of Net Pension Liability

Florida Retirement System (FRS)	2020	2019	2018	2017
Employer's proportion of the net pension liability (asset)	0.0191%	0.0178%	0.0185%	0.0203%
Employer's proportionate share of the net pension liability (asset)	\$ 8,259	\$ 6,115	\$ 5,559	\$ 5,995
Employer's covered payroll ⁽²⁾	\$ 3,529	\$ 2,713	\$ 2,808	\$ 2,829
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	234.03%	225.40%	197.97%	211.91%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%
Health Insurance Subsidy Program (HIS)	2020	2019	2018	2017
Employer's proportion of the net pension liability (asset)	0.0104%	0.0084%	0.0086%	0.0089%
Employer's proportionate share of the net pension liability (asset)	\$ 1,264	\$ 935	\$ 910	\$ 949
Employer's covered payroll ⁽²⁾	\$ 3,529	\$ 2,713	\$ 2,808	\$ 2,829
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.82%	34.46%	32.41%	33.55%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%

Notes to schedules:

- (1) **Measurement date.** The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.
- (2) **Covered payroll.** Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.
- (3) **Changes in benefit terms.** There were no changes in benefit terms for the six years ended June 30, 2020.
- (4) **Changes in assumptions.** For FRS, the investment rate of return was decreased from 6.90% to 6.80%. For HIS, the investment rate of return was decreased from 3.50% to 2.21%.
- (5) GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, the City is presenting information only for those years for which it is available.
- (6) The amounts in the schedule above are rounded to the nearest thousand.

2016	2015
------	------

0.0210% 1.7800%

\$ 5,296 \$ 2,298

\$ 2,839 \$ 2,946

186.54% 78.00%

84.88% 92.00%

2016	2015
------	------

0.0092% 0.0087%

\$ 1,072 \$ 886

\$ 2,839 \$ 2,946

37.76% 30.07%

0.97% 0.50%

City of Daytona Beach Shores, Florida
Required Supplementary Pension Information
Schedule of Contributions

<i>Florida Retirement System (FRS)</i>	2020	2019	2018	2017
Contractually required contribution	\$ 701	\$ 563	\$ 526	\$ 528
Contributions in relation to the contractually required contribution	701	563	526	528
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll ⁽²⁾	\$ 3,947	\$ 2,751	\$ 2,713	\$ 2,858
Contributions as a percentage of covered payroll	17.76%	20.47%	19.39%	18.47%
<hr/>				
<i>Health Insurance Subsidy Program (HIS)</i>	2020	2019	2018	2017
Contractually required contribution	\$ 66	\$ 47	\$ 47	\$ 47
Contributions in relation to the contractually required contribution	66	47	47	47
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll ⁽²⁾	\$ 3,947	\$ 2,751	\$ 2,713	\$ 2,812
Contributions as a percentage of covered payroll	1.67%	1.71%	1.71%	1.67%

Notes to schedules:

(1) GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

(2) **Covered payroll.** Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

(3) The amounts in the schedule above are rounded to the nearest thousand.

<u>2016</u>		<u>2015</u>	
\$	512	\$	434
<u>512</u>		<u>434</u>	
\$	-	\$	-
<u><u>2,796</u></u>		<u><u>2,640</u></u>	
	18.31%		16.44%

<u>2016</u>		<u>2015</u>	
\$	47	\$	33
<u>47</u>		<u>33</u>	
\$	-	\$	-
<u><u>2,749</u></u>		<u><u>2,640</u></u>	
	1.68%		1.25%



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STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City of Daytona Beach Shores, 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.

Table of Contents

A. 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.

Schedules 1 to 4

B. Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local own-source revenues - ad valorem property taxes, occupational license taxes, and building permits revenues.

Schedules 5 to 7

C. Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of debt outstanding and the City's ability to issue additional debt in the future, as necessary.

Schedules 8 to 10

D. Demographic and Economic Information Financial Trends – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other local governments.

Schedules 11 to 12

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

Schedules 13 to 15

Additional Notes

Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Report (ACFR) for the relevant year.

City of Daytona Beach Shores, Florida
Net Position by Component (*in thousands*)
Last Ten Fiscal Years

<i>As of September 30,</i>	2011	2012	2013	2014
Governmental activities				
Invested in capital assets, net of related debt	\$ 5,118	\$ 10,722	\$ 12,557	\$ 13,863
Restricted	3,672	2,835	2,964	3,161
Unrestricted	13,171	11,290	11,931	13,482
Total governmental activities net assets	<u>\$ 21,961</u>	<u>\$ 24,847</u>	<u>\$ 27,452</u>	<u>\$ 30,506</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 2,324	\$ 2,560	\$ 2,680	\$ 2,847
Restricted	112	112	112	112
Unrestricted	4,105	4,534	4,656	4,954
Total business-type activities net assets	<u>\$ 6,541</u>	<u>\$ 7,206</u>	<u>\$ 7,448</u>	<u>\$ 7,913</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 7,442	\$ 13,282	\$ 15,237	\$ 16,710
Restricted	3,784	2,947	3,076	3,273
Unrestricted	17,276	15,824	16,587	18,436
Total primary government net assets	<u>\$ 28,502</u>	<u>\$ 32,053</u>	<u>\$ 34,900</u>	<u>\$ 38,419</u>

Schedule 1

2015	2016	2017	2018	2019	2020
\$ 15,365	\$ 17,010	\$ 20,779	\$ 27,392	\$ 28,837	\$ 35,020
3,329	3,533	3,580	3,763	4,006	2,693
12,038	13,384	12,273	8,847	9,792	7,560
<u>\$ 30,732</u>	<u>\$ 33,927</u>	<u>\$ 36,632</u>	<u>\$ 40,002</u>	<u>\$ 42,635</u>	<u>\$ 45,273</u>
\$ 3,090	\$ 3,268	\$ 3,200	\$ 3,142	\$ 3,212	\$ 4,250
112	112	112	112	112	-
5,805	6,763	7,681	8,615	9,457	8,745
<u>\$ 9,007</u>	<u>\$ 10,143</u>	<u>\$ 10,993</u>	<u>\$ 11,869</u>	<u>\$ 12,781</u>	<u>\$ 12,995</u>
\$ 18,455	\$ 20,278	\$ 23,979	\$ 30,534	\$ 32,049	\$ 39,270
3,441	3,645	3,692	3,875	4,118	2,693
17,843	20,147	19,954	17,462	19,249	16,305
<u>\$ 39,739</u>	<u>\$ 44,070</u>	<u>\$ 47,625</u>	<u>\$ 51,871</u>	<u>\$ 55,416</u>	<u>\$ 58,268</u>

City of Daytona Beach Shores, Florida
Changes in Net Position (*in thousands*)
Last Ten Fiscal Years

<i>Fiscal year ended September 30,</i>	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 1,748	\$ 1,642	\$ 1,701	\$ 1,815
Public safety	4,752	4,590	4,672	4,931
Community services	3,385	3,568	3,134	3,271
Culture/recreation	462	488	471	542
Economic environment	50	52	-	-
Interest on long-term debt	1,400	1,307	1,206	1,138
Total governmental activities expenses	<u>11,797</u>	<u>11,647</u>	<u>11,184</u>	<u>11,697</u>
Business-type activities				
Sewer	1,962	2,006	2,288	2,464
Total business-type activities net assets	<u>1,962</u>	<u>2,006</u>	<u>2,288</u>	<u>2,464</u>
Total primary government expenses	<u>\$ 13,759</u>	<u>\$ 13,653</u>	<u>\$ 13,472</u>	<u>\$ 14,161</u>
Program Revenues				
Governmental activities				
Charges for services (see Schedule 2A for detail)	\$ 2,227	\$ 2,310	\$ 2,172	\$ 2,364
Operating grants and contributions	467	376	420	344
Capital grants and contributions	563	912	69	96
Total governmental activities program revenues	<u>3,257</u>	<u>3,598</u>	<u>2,661</u>	<u>2,804</u>
Business-type activities				
Charges for services (see Schedule 2A for detail)	2,470	2,642	2,961	2,891
Capital grants and contributions	18	11	7	30
Total business-type activities program revenues	<u>2,488</u>	<u>2,653</u>	<u>2,968</u>	<u>2,921</u>
Total primary government program revenues	<u>\$ 5,745</u>	<u>\$ 6,251</u>	<u>\$ 5,629</u>	<u>\$ 5,725</u>
Net (Expense)/Revenue				
Governmental activities	\$ (8,540)	\$ (8,049)	\$ (8,523)	\$ (8,893)
Business-type activities	526	647	680	457
Total primary government net expense	<u>\$ (8,014)</u>	<u>\$ (7,402)</u>	<u>\$ (7,843)</u>	<u>\$ (8,436)</u>
Governmental Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes	\$ 9,439	\$ 9,233	\$ 9,446	\$ 10,175
Sales taxes	224	178	196	207
Franchise and utility taxes	809	804	831	873
Unrestricted grants and contributions	129	127	125	127
Unrestricted investment earnings	109	114	67	21
Miscellaneous	696	479	463	544
Total governmental activities	<u>11,406</u>	<u>10,935</u>	<u>11,128</u>	<u>11,947</u>
Business-type activities				
Unrestricted investment earnings	13	15	11	8
Miscellaneous	-	3	5	-
Special item	-	-	(454)	-
Total business-type activities	<u>13</u>	<u>18</u>	<u>(438)</u>	<u>8</u>
Total primary government	<u>\$ 11,419</u>	<u>\$ 10,953</u>	<u>\$ 10,690</u>	<u>\$ 11,955</u>
Change in Net Assets				
Governmental activities	\$ 2,866	\$ 2,886	\$ 2,605	\$ 3,054
Business-type activities	539	665	242	465
Total primary government	<u>\$ 3,405</u>	<u>\$ 3,551</u>	<u>\$ 2,847</u>	<u>\$ 3,519</u>

Schedule 2

2015	2016	2017	2018	2019	2020
\$ 1,745	\$ 1,785	\$ 1,958	\$ 2,226	\$ 2,253	\$ 2,216
4,411	5,488	5,799	5,960	6,638	6,365
3,151	3,335	3,433	3,506	3,649	3,959
627	633	727	795	765	928
-	-	-	-	-	2
<u>1,028</u>	<u>932</u>	<u>819</u>	<u>729</u>	<u>619</u>	<u>885</u>
<u>10,962</u>	<u>12,173</u>	<u>12,736</u>	<u>13,216</u>	<u>13,924</u>	<u>14,355</u>
<u>2,391</u>	<u>2,526</u>	<u>2,534</u>	<u>2,663</u>	<u>2,611</u>	<u>3,054</u>
<u>2,391</u>	<u>2,526</u>	<u>2,534</u>	<u>2,663</u>	<u>2,611</u>	<u>3,054</u>
<u>\$ 13,353</u>	<u>\$ 14,699</u>	<u>\$ 15,270</u>	<u>\$ 15,879</u>	<u>\$ 16,535</u>	<u>\$ 17,409</u>
\$ 2,367	\$ 2,400	\$ 2,459	\$ 2,629	\$ 2,716	\$ 2,653
360	341	379	808	358	526
<u>86</u>	<u>89</u>	<u>92</u>	<u>94</u>	<u>97</u>	<u>100</u>
<u>2,813</u>	<u>2,830</u>	<u>2,930</u>	<u>3,531</u>	<u>3,171</u>	<u>3,279</u>
3,458	3,542	3,335	3,420	3,403	3,221
<u>16</u>	<u>91</u>	<u>7</u>	<u>62</u>	<u>23</u>	<u>6</u>
<u>3,474</u>	<u>3,633</u>	<u>3,342</u>	<u>3,482</u>	<u>3,426</u>	<u>3,227</u>
<u>\$ 6,287</u>	<u>\$ 6,463</u>	<u>\$ 6,272</u>	<u>\$ 7,013</u>	<u>\$ 6,597</u>	<u>\$ 6,506</u>
\$ (8,149)	\$ (9,343)	\$ (9,806)	\$ (9,685)	\$ (10,753)	\$ (11,076)
<u>1,083</u>	<u>1,107</u>	<u>808</u>	<u>819</u>	<u>815</u>	<u>173</u>
<u>\$ (7,066)</u>	<u>\$ (8,236)</u>	<u>\$ (8,998)</u>	<u>\$ (8,866)</u>	<u>\$ (9,938)</u>	<u>\$ (10,903)</u>
\$ 10,196	\$ 10,213	\$ 10,204	\$ 10,586	\$ 10,844	\$ 11,250
221	231	238	249	250	236
929	1,235	1,201	1,251	1,216	1,173
130	131	133	133	133	133
100	101	95	172	209	116
<u>597</u>	<u>627</u>	<u>640</u>	<u>711</u>	<u>734</u>	<u>806</u>
<u>12,173</u>	<u>12,538</u>	<u>12,511</u>	<u>13,102</u>	<u>13,386</u>	<u>13,714</u>
11	24	34	59	72	41
-	5	8	-	25	-
-	-	-	-	-	-
<u>11</u>	<u>29</u>	<u>42</u>	<u>59</u>	<u>97</u>	<u>41</u>
<u>\$ 12,184</u>	<u>\$ 12,567</u>	<u>\$ 12,553</u>	<u>\$ 13,161</u>	<u>\$ 13,483</u>	<u>\$ 13,755</u>
\$ 4,024	\$ 3,195	\$ 2,705	\$ 3,417	\$ 2,633	\$ 2,638
<u>1,094</u>	<u>1,136</u>	<u>850</u>	<u>878</u>	<u>912</u>	<u>214</u>
<u>\$ 5,118</u>	<u>\$ 4,331</u>	<u>\$ 3,555</u>	<u>\$ 4,295</u>	<u>\$ 3,545</u>	<u>\$ 2,852</u>

Daytona Beach Shores, Florida
Detail Schedule of Charges for Services (in thousands)
Last Ten Fiscal Years
Schedule 2A

<i>For the fiscal year ended September 30,</i>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
General government	\$ 772	\$ 850	\$ 785	\$ 926	\$ 926	\$ 921	\$ 986	\$ 1,002	\$ 988	\$ 968
Public safety	262	265	268	151	133	148	147	228	237	171
Community services	1,117	1,118	1,044	1,182	1,225	1,259	1,311	1,380	1,462	1,496
Culture & recreation	76	77	75	105	83	72	15	19	29	18
Total governmental activities	\$ 2,227	\$ 2,310	\$ 2,172	\$ 2,364	\$ 2,367	\$ 2,400	\$ 2,459	\$ 2,629	\$ 2,716	\$ 2,653
Business-type activities										
Sewer utility	\$ 2,470	\$ 2,642	\$ 2,961	\$ 2,891	\$ 3,458	\$ 3,542	\$ 3,335	\$ 3,420	\$ 3,403	\$ 3,221
Total business-type activities	\$ 2,470	\$ 2,642	\$ 2,961	\$ 2,891	\$ 3,458	\$ 3,542	\$ 3,335	\$ 3,420	\$ 3,403	\$ 3,221

Daytona Beach Shores, Florida
Fund Balances – Governmental Funds (*in thousands*)
Last Ten Fiscal Years
Schedule 3

<i>As of September 30,</i>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Non-Spendable	\$ 108	\$ 612	\$ 151	\$ 140	\$ 129	\$ 75	\$ 89	\$ 78	\$ 90	\$ 747
Restricted	3,455	2,808	2,949	3,138	3,246	3,442	3,519	3,727	3,973	2,634
Assigned	2,191	1,396	1,487	1,582	1,671	1,816	1,921	2,069	2,257	5,481
Unassigned	9,788	10,107	11,160	12,707	14,323	15,789	14,721	12,073	13,681	8,511
Total general fund	\$ 15,542	\$ 14,923	\$ 15,747	\$ 17,567	\$ 19,369	\$ 21,122	\$ 20,250	\$ 17,947	\$ 20,001	\$ 17,373
All other governmental funds										
Restricted	\$ 217	\$ 27	\$ 15	\$ 23	\$ 83	\$ 91	\$ 61	\$ 36	\$ 33	\$ 59
Total all other governmental funds	\$ 217	\$ 27	\$ 15	\$ 23	\$ 83	\$ 91	\$ 61	\$ 36	\$ 33	\$ 59

Daytona Beach Shores, Florida
Changes in Fund Balances – Governmental Funds (*in thousands*)
Last Ten Fiscal Years

<i>Fiscal year ended September 30,</i>	2011	2012	2013	2014
Revenues				
Taxes	\$ 10,782	\$ 10,621	\$ 10,798	\$ 11,636
Licenses and permits	234	263	262	333
Intergovernmental	1,387	1,597	815	778
Charges for services	1,721	1,700	1,674	1,791
Investment income	108	114	66	21
Fines and forfeitures	315	95	112	121
Miscellaneous	41	119	35	22
Total revenues	<u>14,588</u>	<u>14,509</u>	<u>13,762</u>	<u>14,702</u>
Expenditures				
General government	1,651	1,528	1,849	1,670
Public safety	4,323	4,275	4,701	4,505
Community services	4,735	5,306	2,478	2,546
Culture/recreation	443	650	406	660
Economic development	-	-	-	-
Economic environment	214	41	-	-
Debt service				
Principal retirement	2,128	2,212	2,307	2,399
Interest	1,413	1,332	1,234	1,143
Total expenditures [including capital outlay]	<u>14,907</u>	<u>15,344</u>	<u>12,975</u>	<u>12,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(319)</u>	<u>(835)</u>	<u>787</u>	<u>1,779</u>
Other financing sources				
Sale of capital assets	31	7	13	41
Proceeds from insurance recovery	44	19	12	8
Termination of interest rate swap	-	-	-	-
Total other financing sources	<u>75</u>	<u>26</u>	<u>25</u>	<u>49</u>
Net change in fund balances	<u>\$ (244)</u>	<u>\$ (809)</u>	<u>\$ 812</u>	<u>\$ 1,828</u>
Net capital outlay [incl. in total expenditures above] <i>(shown for calculation purposes only)</i>	2,682	3,335	947	347
Debt service as a percentage of non-capital outlay	29.0%	29.6%	29.4%	28.2%

Schedule 4

	2015	2016	2017	2018	2019	2020
\$	11,754	\$ 12,006	\$ 11,944	\$ 12,419	\$ 12,629	\$ 12,945
	292	359	441	414	413	438
	802	798	849	1,292	846	1,004
	1,818	1,897	1,953	2,118	2,249	2,305
	172	101	95	172	172	116
	100	136	86	166	209	137
	21	37	27	33	23	23
	<u>14,959</u>	<u>15,334</u>	<u>15,395</u>	<u>16,614</u>	<u>16,541</u>	<u>16,968</u>
	1,668	1,980	4,434	6,575	1,940	1,835
	4,627	4,856	5,048	5,136	5,401	5,497
	2,698	2,597	2,747	2,714	2,881	3,248
	589	640	574	1,257	695	802
	-	-	-	-	-	2
	-	-	-	-	-	-
	2,497	2,602	2,710	2,819	2,936	7,262
	1,045	942	834	727	638	567
	<u>13,124</u>	<u>13,617</u>	<u>16,347</u>	<u>19,228</u>	<u>14,491</u>	<u>19,213</u>
	<u>1,835</u>	<u>1,717</u>	<u>(952)</u>	<u>(2,614)</u>	<u>2,050</u>	<u>(2,245)</u>
	14	33	31	306	4	22
	13	11	19	5	-	7
	-	-	-	-	-	(386)
	<u>27</u>	<u>44</u>	<u>50</u>	<u>311</u>	<u>4</u>	<u>(357)</u>
\$	<u>1,862</u>	<u>\$ 1,761</u>	<u>\$ (902)</u>	<u>\$ (2,303)</u>	<u>\$ 2,054</u>	<u>\$ (2,602)</u>
	454	542	3,164	5,418	250	700
	28.0%	27.1%	26.9%	25.7%	25.1%	42.3%

City of Daytona Beach Shores, Florida
Assessed Value and Estimated Actual Value of Taxable Property
with Tax Levies and Collections (*in thousands*)
Last Ten Fiscal Years

Tax Year	Residential Property (1)	Commercial and Industrial Property (1)	Institutional, Governmental, and Other Property	Less: Tax- Exempt Property	Assesed Taxable Value (1)	Estimated Actual Market Value (1)	Assessed as a Percent of Estimated Actual
2010-11	1,051,997	109,045	34,022	113,734	1,081,330	1,361,236	79.4%
2011-12	1,067,145	109,307	34,563	105,386	1,105,629	1,211,015	91.3%
2012-13	1,096,107	102,884	30,792	102,629	1,127,154	1,288,793	87.5%
2013-14	1,214,867	106,595	31,045	103,787	1,248,720	1,355,214	92.1%
2014-15	1,218,529	120,414	34,297	107,457	1,265,783	1,490,222	84.9%
2015-16	1,295,178	131,196	37,260	111,951	1,351,683	1,601,974	84.4%
2016-17	1,366,074	153,354	39,971	119,309	1,440,090	1,708,901	84.3%
2017-18	1,415,659	170,819	40,413	124,733	1,502,158	1,766,486	85.0%
2018-19	1,513,258	195,602	56,756	139,835	1,625,781	1,783,471	91.2%
2019-20	1,579,324	198,581	57,460	143,581	1,691,784	1,980,835	85.4%

(1) Source: Volusia County Property Appraiser Office

(2) Beginning in 2006-07, includes levy from other governmental CRA agencies; excludes General Obligation debt levy.

(3) Includes paid delinquencies from prior years and payments from CRA agencies beginning in 2006-07; excludes General Obligation debt collections.

For additional information regarding property payment discounts, see Note I.D. of the Notes to Financial Statements.

Schedule 5

<u>Tax Rate</u>	<u>Tax Levy (2)</u>	<u>Property Tax Collections (3)</u>	<u>Percent of Levy Collected</u>
5.47200	6,828	6,610	96.8%
6.09000	6,756	6,455	95.5%
5.88190	6,748	6,569	97.3%
6.28000	7,563	7,333	97.0%
5.87330	7,560	7,330	97.0%
5.49940	7,575	7,344	97.0%
5.15900	7,576	7,317	96.6%
5.23000	7,997	7,722	96.6%
5.23000	8,333	8,022	96.3%
5.04760	8,687	8,372	96.4%

City of Daytona Beach Shores, Florida
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Schedule 6

Tax Year Ended	Direct Rates			Overlapping Rates					
	Daytona Beach Shores	Debt Service	School District	Volusia County	Fla. Inland Nav. Dist.	Mosquito Control	Ponce DeLeon Inlet and Port Authority	Halifax Hospital	St. Johns Water Mgt. District
2011	5.47200	2.35000	8.23700	6.30250	0.03450	0.20800	0.09290	2.00000	0.41580
2012	6.09000	2.60000	8.06300	6.77910	0.03450	0.20800	0.09290	1.75000	0.33130
2013	5.88190	2.58000	7.88800	6.88090	0.03450	0.20800	0.09290	1.25000	0.33130
2014	6.28000	2.44000	7.35800	7.27090	0.03450	0.20800	0.09290	1.00000	0.32830
2015	5.87330	2.30000	7.33600	7.27090	0.03450	0.18800	0.09290	1.00000	0.31640
2016	5.49940	2.15360	7.19700	7.27090	0.03200	0.18800	0.09290	0.95500	0.30230
2017	5.15900	2.03000	6.84800	7.05200	0.03200	0.18800	0.09290	0.75610	0.28850
2018	5.23000	1.84000	6.28100	6.64640	0.03200	0.18800	0.09290	0.35460	0.25620
2019	5.23000	1.79770	6.08100	6.54200	0.03200	0.18800	0.09290	0.35460	0.24140
2020	5.04760	1.73500	5.90700	6.15090	0.03200	0.17810	0.08800	0.98790	0.22870

Source: County of Volusia Tax Assessor's Office

City of Daytona Beach Shores, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago
Schedule 7

Taxpayer	October 2020			October 2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Uhon Daytona Shores	\$ 27,245,426	1	21.40%			
BG Daytona Seabreeze COA	18,000,001	2	14.14%	\$ 18,954,363	1	22.04%
Avista Properties II LLC	13,776,278	3	10.82%			
Pacifica Daytona LLC	11,433,241	4	8.98%			
Florida Power & Light Company	11,776,577	5	9.25%	5,897,563	5	6.86%
Daytona Shores Hotels & Resorts	10,725,136	6	8.43%			
ASA Lodging LLC	8,898,808	7	6.99%			
2505 South Atlantic LLC	8,348,164	8	6.56%			
Acres Loan Origination LLC	9,013,408	9	7.08%			
Dimucci Development Corp	8,068,450	10	6.34%	13,459,674	3	15.65%
RB Daytona LLC				14,574,985	2	16.95%
Opus Condominium LP				9,862,075	4	11.47%
Tropic Shores Condo Association				5,254,218	6	6.11%
Acapulco Ocean Waters LLC				4,927,885	7	5.73%
CCMS 2005-CD1				4,737,636	8	5.51%
Century Nationwide				4,529,810	9	5.27%
Tristar Lodging inc				3,802,905	10	4.42%
Total	\$ 127,285,489		100.00%	\$ 86,001,114		100.00%

Source: Property Appraiser, County of Volusia, Florida

City of Daytona Beach Shores, Florida
Ratios of Outstanding Debt by Type (*in thousands*)
Last Ten Fiscal Years
Schedule 8

Tax Year Ending	Population (2)	Governmental Activities				Business-type Activities		Total Primary Government	Per Capita
		Bonded Debt	Percentage of Assessed Taxable Value of Property (1)	Per Capita	Term Loan	State Revolving Loan Payable	Term Loan		
2011	4,247	25,531	1.91%	6.012	8,808	2,657	875	37,871	8.917
2012	4,259	23,748	1.99%	5.576	8,379	2,478	720	35,325	8.294
2013	4,255	21,889	1.78%	5.144	7,931	2,294	555	32,669	7.678
2014	4,292	19,957	1.55%	4.650	7,464	2,104	380	29,905	6.968
2015	4,264	17,947	1.42%	4.209	6,977	1,909	195	27,028	6.339
2016	4,263	15,853	1.17%	3.719	6,469	1,708	-	24,030	5.637
2017	4,291	13,673	0.95%	3.186	5,939	1,501	-	21,113	4.920
2018	4,288	11,407	0.76%	2.660	5,386	1,288	-	18,081	4.217
2019	4,296	9,048	0.56%	2.106	4,809	1,069	-	14,926	3.474
2020	4,372	6,595	0.39%	1.508	-	-	-	6,595	1.508

(1) See Schedule 5 for property value data

(2) Source: Florida Dept. of Revenue Adjusted Population Estimates used in annual State Revenue Sharing Calculations

Note: Statistical information on personal income is not tracked by any source for this governmental unit. Accordingly, ratios of outstanding debt as a percent of personal income are not presented.

City of Daytona Beach Shores, Florida
Direct and Overlapping Governmental Activities Debt (*in thousands*)
September 30, 2020
Schedule 9

	<u>Net Debt Outstanding</u>		<u>Percentage Applicable to the Governmental Unit</u>		<u>City of Daytona Beach Shores - Share of Debt</u>
Direct:					
City of Daytona Beach Shores	\$ 6,595	a	100%		\$ 6,595
Overlapping:					
Volusia County	3,220	b	4.32%	c	139
Total direct and overlapping debt					<u><u>\$ 6,734</u></u>

a See Schedule 8

b Volusia County Outstanding Debt at September 30, 2020

c Overlapping Debt per Volusia County

Source: City of Daytona Beach Shores, Finance Department

**City of Daytona Beach Shores, Florida
Legal Debt Margin Information
Last Ten Fiscal Years
Schedule 10**

The City Charter, the Constitution of the State of Florida and Florida State Statute 200.181 do not provide for a legal debt limit.

Source: City of Daytona Beach Finance Department

City of Daytona Beach Shores, Florida
Demographic and Economic Statistics – Metropolitan Area
Last Ten Fiscal Years
Schedule 11

Calendar Year*	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Unemployment Rate (2)
2011	494,523	14,556,861	34,473	11.1%
2012	497,279	17,445,045	35,081	9.2%
2013	501,282	17,696,257	35,302	8.0%
2014	507,913	18,610,440	36,641	6.7%
2015	518,190	19,782,421	38,176	5.6%
2016	529,364	20,543,029	38,807	5.3%
2017	538,692	21,041,310	39,060	4.1%
2018	546,772	21,918,449	40,087	3.4%
2019	547,538	21,814,571	39,841	3.2%
2020	551,588	24,369,158	44,180	5.9%

* Latest Annual Data Available

Sources (unless specified):

(1) Florida Legislature, Office of Economic and Demographic Research
[volusia.pdf \(state.fl.us\)](https://www.flsenate.gov/legislation/bills/2019/volusia.pdf)

(2) FRED-Federal Reserve Bank of St. Louis Economic Research Data
[Unemployment Rate in Volusia County, FL \(FLVOLUME7URN\) | FRED | St. Louis Fed](https://fred.stlouisfed.org/series/FLVOLUME7URN)

City of Daytona Beach Shores, Florida
Principal Employers by Industry (Latest Available Data)
Current Year and Nine Years Ago
Schedule 12

Deltona - Daytona Beach - Ormond Beach Metropolitan Statistical Area						
Industry	2020			2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Office and Administrative Support Occupations	27,760	1	14.0%	27,050	1	21.3%
Sales and Related Occupations	26,280	2	13.2%	19,330	2	15.2%
Food Preparation and Serving Related Occupations	26,230	3	13.2%	16,590	3	13.0%
Healthcare Practitioners and Technical Occupations	13,700	4	6.9%	7,080	4	5.6%
Transportation and Material Moving Occupations	12,100	5	6.1%	5,170	5	4.1%
Educational Instruction and Library Occupations	10,940	6	5.5%	6,000	6	4.7%
Construction and Extraction Occupations	10,780	7	5.4%	5,690	7	4.5%
Management Occupations	9,550	8	4.8%	3,650	8	2.9%
Healthcare Support Occupations	9,030	9	4.5%	5,180	9	4.1%
Production Occupations	8,920	10	4.5%	4,040	10	3.2%
Installation, Maintenance, and Repair Occupations	8,750	11	4.4%	4,430	11	3.5%
Building and Grounds Cleaning and Maintenance Occupations	8,000	12	4.0%	7,230	12	5.7%
Business and Financial Operations Occupations	7,620	13	3.8%	5,010	13	3.9%
Protective Service Occupations	4,360	14	2.2%	1,710	14	1.3%
Personal Care and Service Occupations	3,960	15	2.0%	2,470	15	1.9%
Community and Social Service Occupations	2,760	16	1.4%	1,780	16	1.4%
Computer and Mathematical Occupations	2,150	17	1.1%	1,490	17	1.2%
Arts, Design, Entertainment, Sports, and Media Occupations	2,010	18	1.0%	1,110	18	0.9%
Architecture and Engineering Occupations	1,670	19	0.8%	1,210	19	1.0%
Legal Occupations	1,290	20	0.6%	750	20	0.6%
Life, Physical, and Social Science Occupations	730	21	0.4%	60	22	0.0%
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	-		0.0%	160	21	0.1%
	<u>198,590</u>		<u>100%</u>	<u>127,190</u>		<u>100%</u>

Note: No statistics are kept on primary employers within the City of Daytona Beach Shores.

Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, based on 2020 and 2011 for Deltona-Daytona Beach-Ormond Beach MSA (Volusia County).

[OES Occupational Employment Statistics and Wages - FloridaJobs.org](http://OES.Occupational.Employment.Statistics.and.Wages.-.FloridaJobs.org)

City of Daytona Beach Shores, Florida
Full-Time Equivalent (FTE) City Government Employees by Function/Program
Last Ten Fiscal Years
Schedule 13

<i>As of September 30,</i>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Function/Program</u>										
General Government										
Legislative	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Executive / IT / Grants	4.0	4.0	5.0	5.0	5.5	6.7	5.0	5.0	5.9	5.0
Finance	5.0	5.0	5.0	5.0	5.0	5.0	4.7	4.3	4.8	5.0
Planning	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Services	1.4	1.0	1.5	1.5	2.8	2.8	2.8	1.8	1.3	1.8
Public Safety										
Sworn Officers	34.0	34.0	33.0	33.0	33.0	36.0	36.0	33.0	38.4	32.0
Civilians	7.0	7.0	6.0	6.0	5.0	9.0	9.0	9.0	8.2	7.5
Community Services/ Public Works										
Sewer Utility	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Building/Codes	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Public Works	11.0	11.0	11.0	13.0	12.0	12.0	13.0	10.2	10.4	10.5
Parks and Recreation	5.9	6.0	6.0	6.0	6.0	6.0	8.0	5.3	5.9	6.0
Economic Development	-	-	-	-	-	-	-	-	-	0.5
Total	82.3	82.0	81.5	83.5	83.3	91.5	93.5	83.6	89.9	83.3

Source: City Finance Department

City of Daytona Beach Shores, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years
Schedule 14

<i>Fiscal year ended September 30,</i>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Function/Program</u>										
Public safety										
Physical arrests	1,019	1,152	1,111	1,111	945	781	903	627	703	293
Traffic & parking violations	4,228	5,963	3,482	2,906	2,921	3,954	3,945	3,809	4,629	2,782
Fire emergency responses	229	508	643	591	608	465	273	426	499	594
Rescue emergency responses	961	1,012	837	901	1,010	1,247	1,057	977	1,106	958
Fire inspections	338	307	314	475	1,002	397	507	472	764	420
Wastewater										
Number of service connections	892	883	885	891	895	898	902	913	919	921
Daily average gallonage flow <i>(in thousands)</i>	852	905	886	932	1,091	1,059	974	935	862	841
General government										
Building permits issued	297	327	327	494	399	430	602	710	601	663
Mech., elec., plumb permits issued	574	762	687	903	907	922	1,074	1,001	1,050	1,119
Other permits issued	207	209	177	208	178	172	306	214	137	122

* The increase in connections was a result of the addition of a major condo project late in the fiscal year, which produced little usage during the year.

Sources: Various City Departments

City of Daytona Beach Shores, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Schedule 15

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Function/Program</u>										
Public safety										
Number of patrol units	22	23	23	25	25	25	25	26	26	27
Number of stations	1	1	1	1	1	1	1	1	1	1
Wastewater										
Miles of sanitary sewers	20	20	20	20	20	20	20	20	20	20
Culture and recreation										
Parks	7	7	7	6	6	6	6	6	6	6
Park acreage	7.7	7.7	7.7	7.03	7.03	7.03	7.03	7.03	7.03	7.03
Tennis courts	11	11	11	10	10	10	0	5	5	5
Pickleball courts	-	4	4	8	8	8	10	10	10	10
Bocce courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard courts	2	2	2	2	2	2	2	2	2	2
Horseshoe pits	2	2	2	2	2	2	2	0	0	0
Community centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	0	0
Recreation clubs	1	1	1	1	1	1	0	0	0	0

Sources: Various City Departments



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

Honorable Mayor and Members of the City Council
City of Daytona Beach Shores, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daytona Beach Shores, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Daytona Beach Shores, Florida's basic financial statements, and have issued our report thereon dated April 19, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Car, Riggs & Ingram, L.L.C.

Melbourne, Florida

April 19, 2021



INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and Members of City Council
City of Daytona Beach Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Daytona Beach Shores, Florida as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 19, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements 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 April 19, 2021 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. There were no findings in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Cary Riggs & Ingram, L.L.C.

Melbourne, Florida

April 19, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and Members of City Council
City of Daytona Beach Shores, Florida

We have examined the City of Daytona Beach Shores, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the City of Daytona Beach Shores, Florida is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020.

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

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

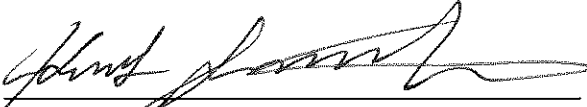
Melbourne, Florida
April 19, 2021

IMPACT FEE AFFIDAVIT

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

1. I am the Chief Financial Officer of the City of Daytona Beach Shores which is a local governmental entity of the State of Florida;
2. The governing body, the City of Daytona Beach Shores adopted Ordinance No. 87-23 implementing a sewer impact fee and the City of Daytona Beach Shores is authorized by the City of Port Orange to receive and remit proceeds of an impact fee implemented by the City of Port Orange; and
3. The City of Daytona Beach Shores has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

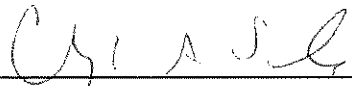
FURTHER AFFLIANT SAYETH NAUGHT.



(Chief Financial Officer of the Entity)

STATE OF FLORIDA
COUNTY OF VOLUSIA

SWORN TO AND SUBSCRIBED before me this 14th day of June, 2021.



NOTARY PUBLIC
Print Name Cheryl A Schwab

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

Nov 26, 2024

