



Comprehensive Annual Financial Report (CAFR)

Fiscal Year ended
October 1, 2019 -
September 30, 2020

City of New
Smyrna Beach,
Florida

CITY OF NEW SMYRNA BEACH, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

Prepared by:
The Finance Department

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City of New Smyrna Beach, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020



City Commission

Honorable Russ Owen, Mayor

Zone 1 – Michael Kolody, Vice Mayor

Zone 2 – Jake Sachs

Zone 3 – Jason McGuirk

Zone 4 – Randy Hartman

City Manager

Khalid Resheidat

City Attorney

Carrie Avallone

Finance Director

Natalia Eckroth



City of New Smyrna Beach

April 23, 2021

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

The City Charter and Florida Statutes require that all general-purpose local governments publish a complete set of financial statements presented in accordance with generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of New Smyrna Beach, Florida for the fiscal year ended September 30, 2020, as prepared by the City's Finance Department.

Management Representations and Internal Controls

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

Independent Audit

James Moore and Co., P.L., a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the financial statements for the fiscal year ended September 30, 2020. Their report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal- and state-mandated single audit, which is designed to meet the special needs of the federal and stated grantor agencies. The single audit was conducted in accordance with *OMB Compliance Supplement* and Florida Department of Financial Services' *State Projects Compliance Supplement*. There are supplementary reports and a schedule of expenditures of federal awards and state financial assistance relative to a single audit presented in the last section of this report.

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

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

Financial Reporting Entity

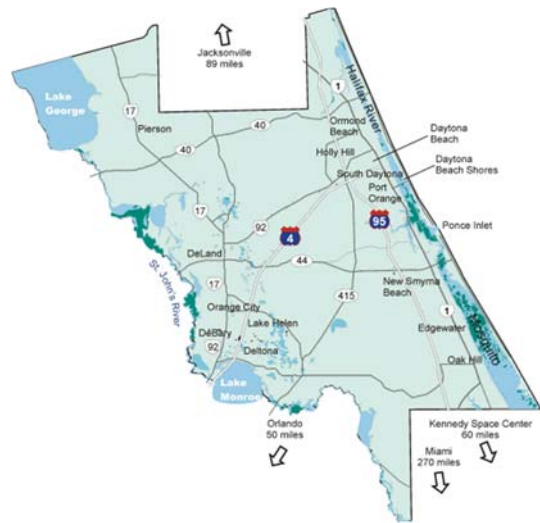
The City provides a full range of municipal services including: general government administration, law enforcement, fire protection, community redevelopment, stormwater management, sanitation and solid waste, as well as construction and maintenance of infrastructure, recreational, and other cultural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

The Utilities Commission, City of New Smyrna Beach, is a legally separate entity and is reported separately as a discretely presented component unit. The financial data of the Housing Authority of New Smyrna Beach is not included in this report as it does not qualify as a component unit. Additional information about these legally separate entities is located in Notes (1)(b) and (1)(d), respectively, beginning on page 41.

City Profile

New Smyrna Beach is approximately 41.5 square miles in size and serves a population of approximately 27,843. It is located on Florida's east coast, in the County of Volusia, just north of Cape Canaveral with easy access to both Interstate 95 and Interstate 4 and is:

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



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

The City was created in 1887 by adoption of its first charter, which was replaced through Chapter 224.08, Special Acts of Florida, 1943, and subsequently amended, with the most recent update taking effect January 1, 2021.

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

Economic Condition and Outlook

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

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

- Retail

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

- Health
- Education
- Government
- Utilities
- Restaurant

Among the 16 cities in the County, New Smyrna Beach is the highest for its share of residential property value in its tax base: 82.8% of the property tax base is residential. Of the 15 cities that have industrial properties in the tax base, New Smyrna Beach is 8th highest for its share of its tax base in industrial properties: 0.83%. The City is working very hard to address the disparity. New Smyrna Beach is the fifth highest among the 16 cities in the County for commercial property share, at 9.73% of the property tax base.

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

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

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

Financial Planning and Budgeting

COVID-19 has put states and local governments on the front lines of our emergency response efforts. The uncertainty with public health and safety, national and local economy, and employment are major factors that needed to be considered for the budget process. Despite the pandemic, the housing market is expected to retain its value. The short to mid-term economic outlook anticipates continued growth focused in residential construction. As homes are built and additional residents move to the City, demand for services will continue to increase.

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

Relevant Financial Policies

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

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

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

For the general fund, the City Commission adopted an emergency reserve policy based upon recommendations of management and Government Finance Officers Association (GFOA) recommended practices. The policy states that general fund unassigned fund balance equal to 25% of the current fiscal year budgeted expenditures less capital outlay and transfers out, will be maintained for emergency purposes and are not otherwise to be appropriated. At the end of fiscal year 2020, unassigned fund balance for the general fund stood at 33.4% of the current year budgeted expenditures. During fiscal year 2020, the City was affected by the COVID-19 pandemic of which the City spent approximately \$90,000 on supplies and equipment to aid in the prevention and spread of the disease. The City was also able to recoup the first responders' personnel costs from the CARES Act the sum of \$968,872.

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

Other Information

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of New Smyrna Beach, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This is the 41st consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the requirements for this program and are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



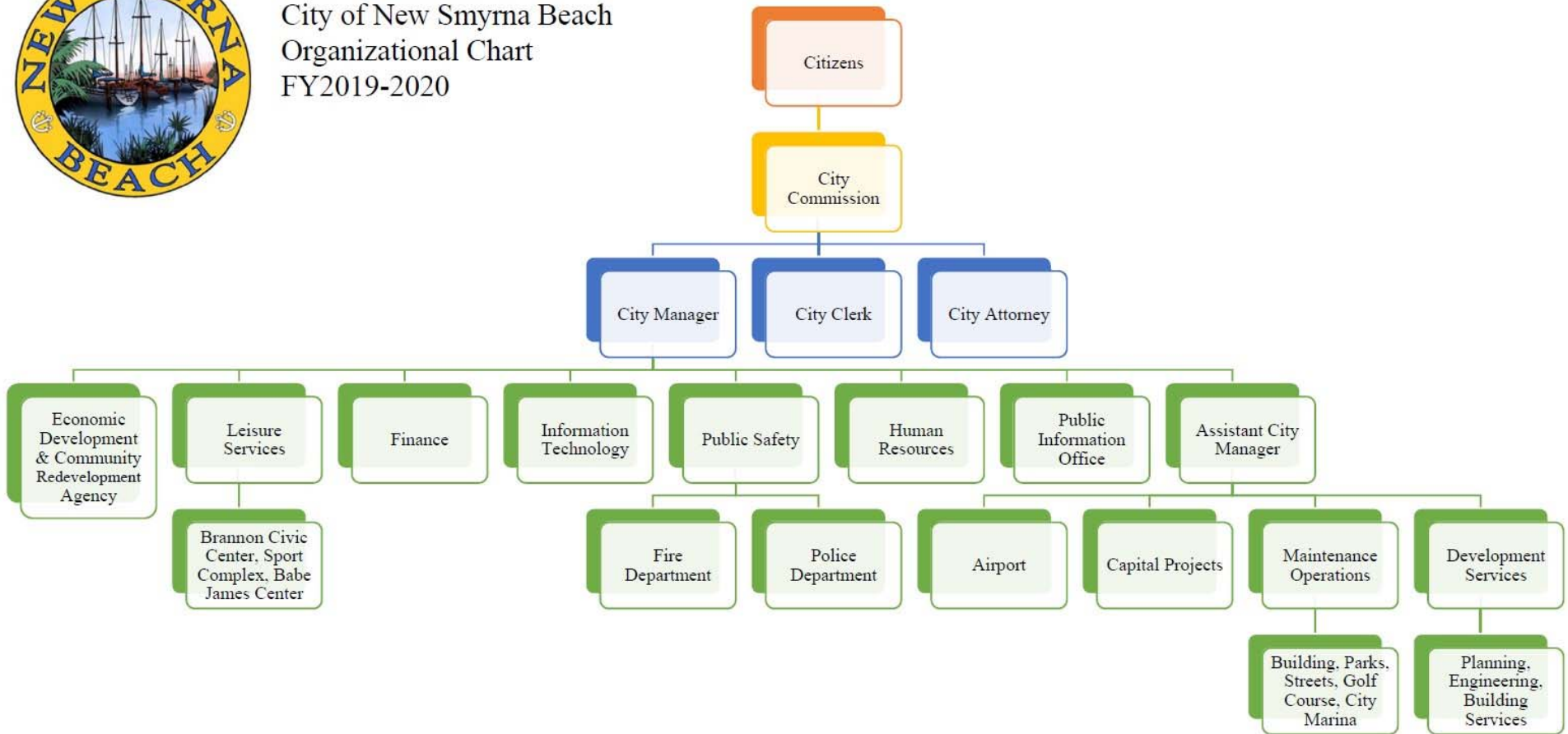
Khalid Resheidat
City Manager



Natalia Eckroth
Finance Director



City of New Smyrna Beach
Organizational Chart
FY2019-2020





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of New Smyrna Beach
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, which represents 100 percent of the net assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Utilities Commission, City of New Smyrna Beach, Florida, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note (18) to the financial statements, during the year ended September 30, 2020, the City implemented a change in accounting principle which affected the presentation of funds in the financial statements. In previous years, the Golf Course fund was presented as a separate proprietary fund. In the current year, the City is presenting the golf course as a part of the general fund in the financial statements. The City also had a prior period adjustment related to a construction in progress asset that should have been expensed in the prior year. See Note (18) for the effect on beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

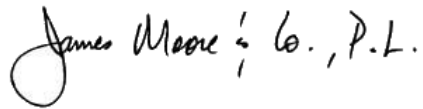
The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Daytona Beach, Florida
April 23, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

On behalf of the City of New Smyrna Beach, Florida, (hereinafter referred to as the "City"), management presents to the readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2020. We are providing this discussion and analysis to assist the reader in a better understanding of the City's overall financial position. We encourage readers to consider this discussion and analysis in conjunction with the additional information in the letter of transmittal beginning page 2, and the City's financial statements beginning on page 30.

Financial Highlights

- Government-wide the City's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of fiscal year 2020 by \$140.1 million, which is an increase in net position of \$12.1 million, or 9.49%, when compared to September 30, 2019, restated net position.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$43.1 million, an increase of \$6.8 million (or 18.7%) in comparison with the prior year. Approximately 21.6% or \$9.3 million of the total amount is unassigned fund balance and is available for spending at the City's discretion.
- The City's proprietary funds reported a combined ending net position of \$2.0 million, an increase of \$125,424 (or 6.5%) based on current year activities.
- Government-wide capital assets increased in 2020 compared to 2019 by \$2.6 million.
- The City's total outstanding long-term debt from bonds, notes, and capital leases decreased by \$3.1 million due to principal retirement.

Overview of the Financial Statements

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

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

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows at the end of its fiscal year, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition position.
- The *statement of activities* presents information showing how the government's net position changed during the most recently completed fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes or earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government services, public safety (police, fire and building inspection), highways and streets, airport operations, stormwater management, economic development, and recreation and leisure services. The business-type activities of the City include its sanitation and marina. The government-wide financial statements include not only the City of New Smyrna Beach itself (known as the *primary government*), but also a legally separate electric, water, wastewater, and telecommunications utility (Utilities Commission, City of New Smyrna Beach) for which the City of New Smyrna Beach is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 30 to 31.

Fund Financial Statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 33 and 35.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Stormwater Utility Fund (special revenue), the Building Inspection Fund (special revenue), the Community Redevelopment Agency, 2015 (special revenue) Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriations budget for each of its governmental funds in accordance with state statutes. The basic governmental fund financial statements can be found on pages 32 to 35 of this report. Budgetary comparison statements have been provided for each fund to demonstrate compliance with the budget. The General Fund and major special revenue fund budgetary comparison statements are presented as required supplementary information on pages 95 to 98 of this report. Other budgetary comparison schedules are presented as other supplemental information on pages 100 to 110 of this report.

Proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities of the City's Marina and Solid Waste (sanitation) operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its vehicle fleet maintenance operations.

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate financial information for both solid waste (sanitation) and marina operations. Conversely, the internal service fund financial activities are presented separately in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 36 to 38 of this report.

Fiduciary funds. The City is the trustee, or fiduciary, for its public safety employees' pension plans. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 39 to 40 of this report.

Notes to the Financial Statements. The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 41 to 83 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation for other post-employment benefits and to provide certain pension benefits to its employees. Required supplementary information can be found on pages 86 to 98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 100 to 110.

Government-wide Financial Analysis

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

In FY2019 the City reported an ending net position of \$128.5 million. The City's FY2020 beginning net position has been reduced by \$575,760 due to a change in accounting principle related to the Municipal Golf Course Fund and an adjustment to the governmental activities fund balance related to construction in progress amount. See Note (18) in the notes to financial statements section of this report for more information.

Assets – Government-wide assets increased over the prior year by \$8.8 million for a balance at year-end of \$190.8 million in total assets. This increase was primarily due to a combination of activities that took place in FY2020 which include: an increase in capital assets (less accumulated depreciation) of \$2.1 million, or 1.5%; and cash and cash equivalents increased by 11.9%, or \$4.6 million as the City had to delay the most of capital projects due to COVID-19.

Liabilities – Total government-wide liabilities decreased by \$3.0 million, or 5.4%. The decrease is due to principal payments on bonds, notes payable, and capital lease obligations.

Net Position – As noted previously, net position may serve as a useful indicator of a government's financial position over time. Approximately 81.2% of the City's net position reflects its investment in capital assets (land, equipment, buildings, improvements other than buildings, machinery and equipment and infrastructure), net of related debt. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated to pay for these liabilities.

Management's Discussion and Analysis
September 30, 2020
(Continued)

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$140.1 million. Total net position increased \$12.1 million from last year. Net position of the City's governmental activities increased by \$12.0 million and totaled \$138.1 million at the end of the fiscal year. Of this amount, approximately 94.2% is either restricted as to the purpose it can be used or is invested in capital assets. Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled \$8.0 million at the end of 2020.

In fiscal year 2020, the City's business-type activities experienced an increase in net position of \$125,424 for a total of \$2,041,081 compared to \$1,915,657 restated net position in 2019. The increase is the result of removing the Golf Course Fund from business-type activities and combining with the General Fund operations. That allowed to remove the Golf Course's negative net position of \$747,041 at the end of fiscal year 2019 from business-type activities net position.

Overall, the City of New Smyrna Beach has finished fiscal year 2020 in a good financial position despite the COVID-19 pandemic. During the year, the City faced many challenges along with the rest of our nation and the world. Resources were spent very conservatively due to many uncertain factors such as fluctuations in revenue streams, inability to perform daily operations due to closures of City buildings, offices, and other premises, and most important, the health of our employees. As a result, the City had to adapt to a new reality and change in working conditions very quickly.

Management's Discussion and Analysis
September 30, 2020
(Continued)

The following is a summary of net position for the years ended September 30, 2020 and 2019:

Net Position						
As of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 47,544,834	\$ 41,840,635	\$ 2,417,396	\$ 1,411,627	\$ 49,962,230	\$ 43,252,262
Capital assets, net	140,636,019	137,804,659	249,352	1,022,641	140,885,371	138,827,300
Total Assets	188,180,853	179,645,294	2,666,748	2,434,268	190,847,601	182,079,562
Deferred Outflows of Resources:						
Deferred outflows related to pension costs	2,094,002	2,513,523	-	61,632	2,094,002	2,575,155
Deferred outflows related to OPEB	331,555	-	4,027	-	335,582	-
Deferred amounts on refunding	347,452	396,336	-	-	347,452	396,336
	<u>2,773,009</u>	<u>2,909,859</u>	<u>4,027</u>	<u>61,632</u>	<u>2,777,036</u>	<u>2,971,491</u>
Total assets and deferred outflow of resources	190,953,862	182,555,153	2,670,775	2,495,900	193,624,637	185,051,053
Liabilities:						
Current liabilities	4,236,356	4,352,585	585,126	665,906	4,821,482	5,018,491
Long-term debt outstanding	32,662,621	35,658,580	-	134,932	32,662,621	35,793,512
Other liabilities	14,872,798	14,130,695	37,021	444,218	14,909,819	14,574,913
Total Liabilities	51,771,775	54,141,860	622,147	1,245,056	52,393,922	55,386,916
Deferred Inflows of Resources:						
Deferred inflows related to pension costs	491,604	341,033	-	40,465	491,604	381,498
Deferred inflows related to OPEB	615,381	698,037	7,547	41,763	622,928	739,800
	<u>1,106,985</u>	<u>1,039,070</u>	<u>7,547</u>	<u>82,228</u>	<u>1,114,532</u>	<u>1,121,298</u>
Net Position:						
Invested in capital assets	113,500,350	105,714,465	249,352	1,022,641	113,749,702	106,737,106
Restricted	16,633,724	15,743,617	-	-	16,633,724	15,743,617
Unrestricted	7,941,028	5,916,141	1,791,729	145,975	9,732,757	6,062,116
Total net position	\$ 138,075,102	\$ 127,374,223	\$ 2,041,081	\$ 1,168,616	\$ 140,116,183	\$ 128,542,839

Balances for the fiscal year ended September 30, 2019 have not been restated for the change in accounting principle. See Note (18) to the financial statements for an explanation of the changes to beginning net position.

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During FY2020, the City's combined net position totaled \$140,116,183, which is up \$12.1 million over last year's restated net position of \$127,967,080. The principal reason net position increased by \$12.1 million is due to the increase in current and other assets and investment in capital assets. City-wide, capital assets increased by \$7.0 million, net of depreciation and related debt, when compared to last year's total. Current and other assets increased by \$6.7 million due to unspent cash for capital projects and increase in due from other governments. The increase in due from other governments is mostly attributable to CARES grant for \$968 thousand and the Airport grants for \$861 thousand.

During fiscal year 2020 the City's total revenues increased by \$5.3 million to a total of \$57,471,482. In fiscal year 2019, the City's total revenues increased by \$1.5 million to a total of \$52.2 million. Approximately 30% of the City's combined activities revenue are derived from property taxes (30% in 2019), and 16% (18% in 2019) of every dollar raised comes from another type of tax or franchise fee. Another 34% (39% in 2019) comes from fees charged for services and 17% (10% in 2019) is from grant contributions, while most of the remaining revenue is state and federal financial assistance and interest and other earnings.

Government-wide operating expenses increased by \$1.4 million or 3.3% during the period.

Management's Discussion and Analysis
September 30, 2020
(Continued)

The following is a summary of changes in net position for the years ended September 30, 2020 and 2019:

Changes in Net Position
As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 12,526,273	\$ 12,060,858	\$ 7,281,104	\$ 8,049,625	\$ 19,807,377	\$ 20,110,483
Operating grants/contributions	2,445,678	2,197,583	14,950	-	2,460,628	2,197,583
Capital grants/contributions	7,241,469	2,875,061	-	-	7,241,469	2,875,061
General Revenues:						
Property taxes	17,061,249	15,863,575	-	-	17,061,249	15,863,575
Other taxes	5,702,459	5,670,033	-	-	5,702,459	5,670,033
6% payment from the Utilities Commission	3,737,897	3,787,625	-	-	3,737,897	3,787,625
Intergovernmental revenues	1,135,220	1,122,878	-	-	1,135,220	1,122,878
Other revenues	309,925	551,253	15,258	17,102	325,183	568,355
Total revenues	50,160,170	44,128,866	7,311,312	8,066,727	57,471,482	52,195,593
Expenses:						
General government	5,726,788	6,125,363	-	-	5,726,788	6,125,363
Public safety	16,406,663	16,321,412	-	-	16,406,663	16,321,412
Transportation	6,176,788	6,178,417	-	-	6,176,788	6,178,417
Economic environment	796,074	898,328	-	-	796,074	898,328
Physical environment	1,284,274	5,049	-	-	1,284,274	5,049
Culture/recreation	6,351,948	5,051,113	-	-	6,351,948	5,051,113
Buildings & maintenance	474,163	693,001	-	-	474,163	693,001
Interest on long-term debt	919,793	772,474	-	-	919,793	772,474
Golf course operations	-	-	-	1,353,870	-	1,353,870
Marina operations	-	-	274,138	253,798	274,138	253,798
Solid waste operations	-	-	6,911,750	6,225,725	6,911,750	6,225,725
Total expenses	38,136,491	36,045,157	7,185,888	7,833,393	45,322,379	43,878,550
Increase in net position, before transfers	12,023,679	8,083,709	125,424	233,334	12,149,103	8,317,043
Transfers in (out)	-	97,566	-	(97,566)	-	-
Changes in net position	12,023,679	8,181,275	125,424	135,768	12,149,103	8,317,043
Net Position, beginning of year as restated	126,051,423	119,192,948	1,915,657	1,032,848	127,967,080	120,225,796
Net Position, end of year	\$ 138,075,102	\$ 127,374,223	\$ 2,041,081	\$ 1,168,616	\$ 140,116,183	\$ 128,542,839

Governmental Activities

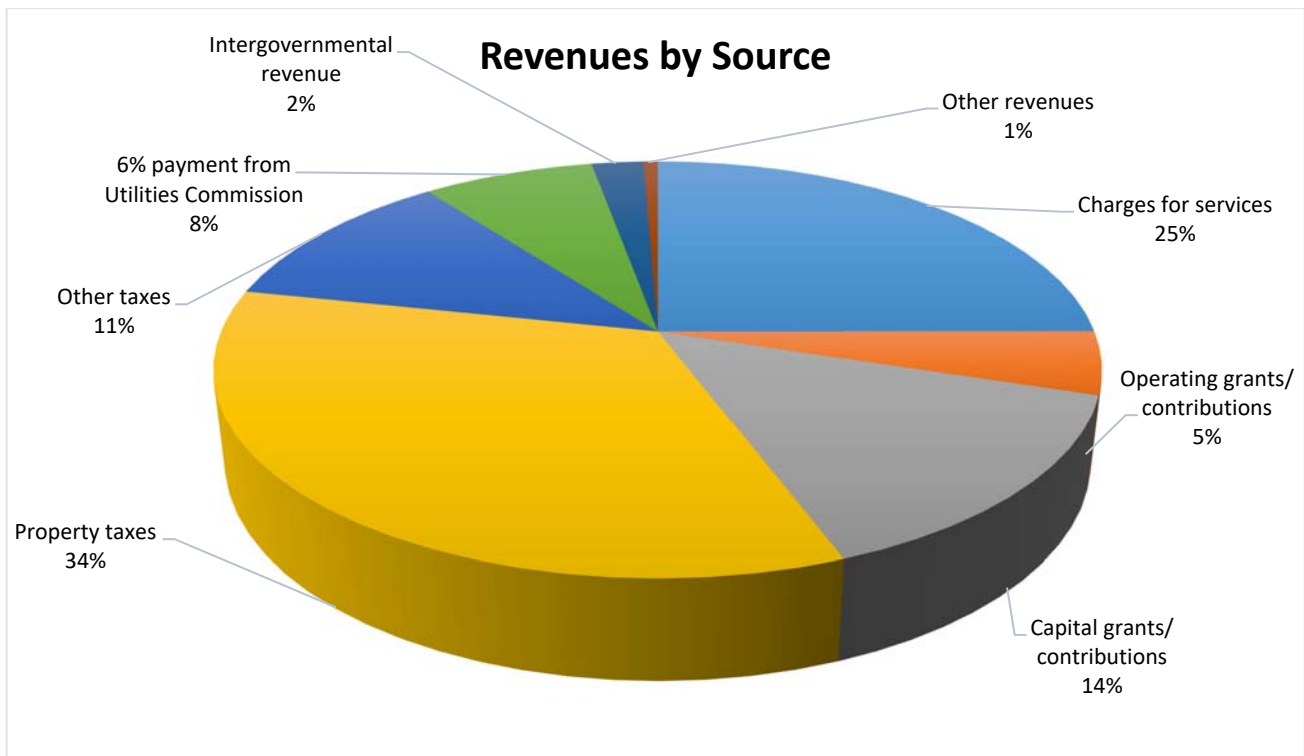
In 2020, net position for governmental activities improved by \$12,023,679, accounting for 99% of the total growth in the City's net position. Of this increase \$1.3 million is attributable to restatement of net position for governmental activities as of September 30, 2019. See Note (18) for more information.

Revenues for governmental activities increased overall by \$6.0 million or 13.7% from the previous year. Property tax revenue increased by \$1.2 million or 7.5% increase from the previous year. This increase in property taxes is primarily due to the increase in property values. Capital grants/contribution, as well as operating grants increased by \$4.4 and \$0.25 million respectively. The increase in capital grants is due to the reimbursement of Turnbull land purchase from the Florida Department of Environmental Protection (FDEP) in the amount of \$3.6 million in addition to grants from the Florida Department of Transportation (FDOT) in the amount of \$1.6 million for the 5th Street bridge and airport improvements. The 6% payment from the City's component unit slightly decreased by \$49,728 or 1.3%. Charges for services increased by \$0.5 million or 3.9% and are mostly due to the addition of golf course revenue to governmental activities.

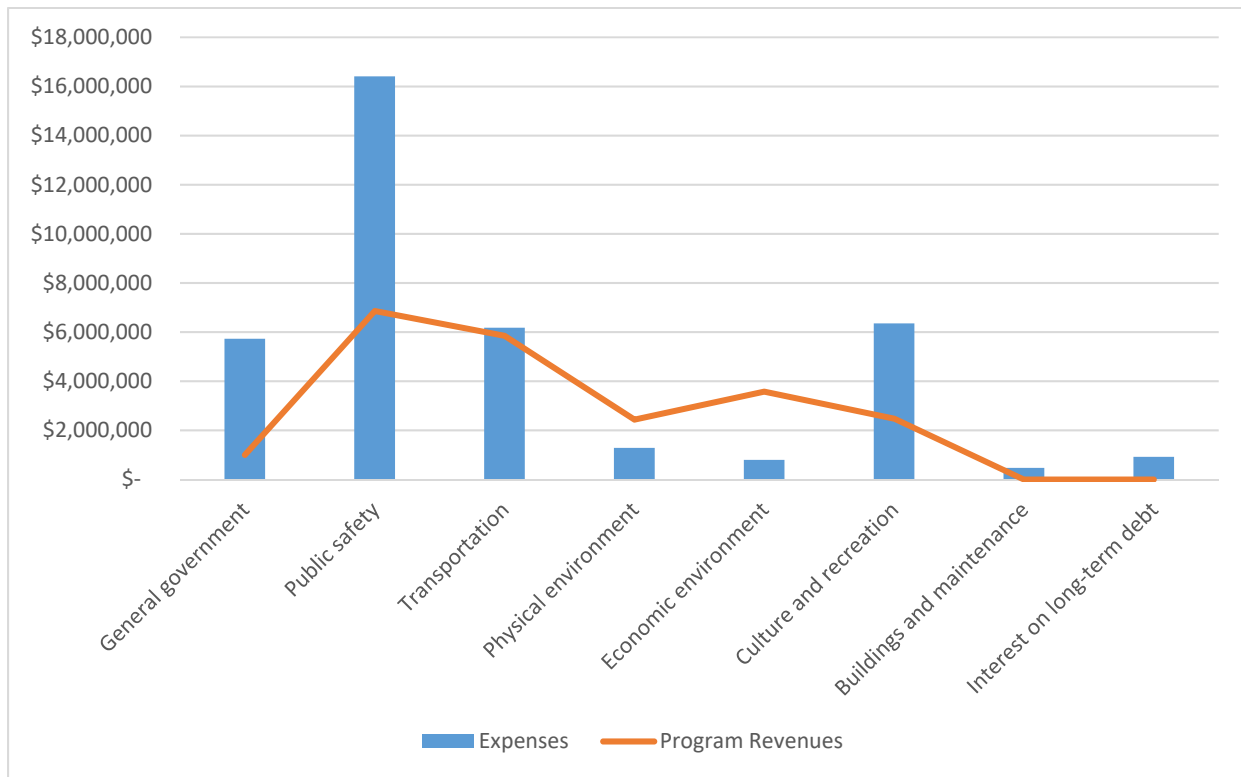
The following is a summary of the City's governmental revenues - by source for fiscal year 2020:

Revenues by Source - Governmental Activities

An individual comparison of the City's functional program revenues and costs of providing program services to its citizens during fiscal year 2020 is useful in identifying the programs, and the extent of which each are dependent on taxes and other non-exchange revenues to subsidize their program operations. They are presented in the following graph:



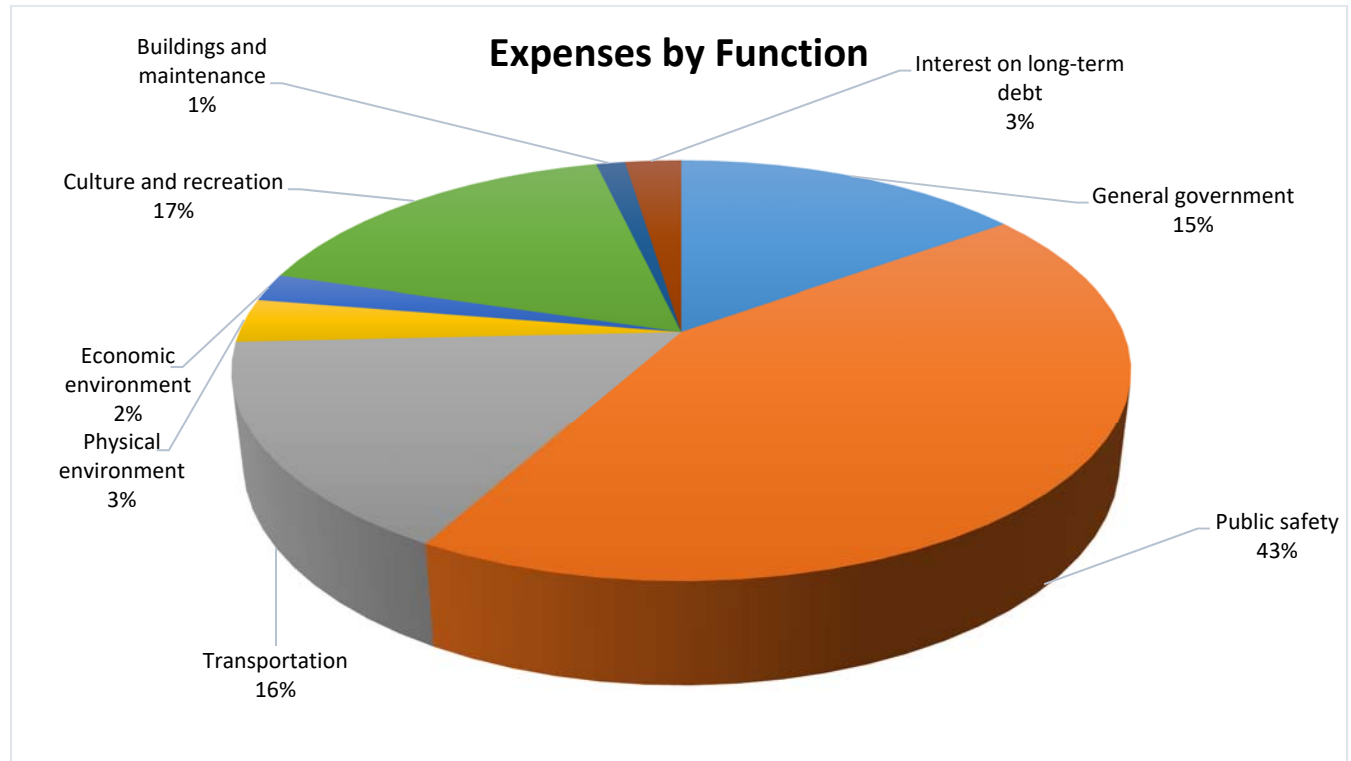
Expenses and Program Revenues – Governmental Activities



Combined governmental activities expenses for fiscal year 2020 totaled \$38,136,491 which represents an increase of \$2.1 million or 5.8% more than last year's expenses of \$36,045,157. The increase in physical environment (\$1.3 million), culture/recreation (\$1.3 million), and interest on long-term debt (\$0.1 million) was offset by a decrease in general government (\$0.4 million), economic environment (\$0.1 million), and building and maintenance (\$0.2 million).

The following is a summary of the City's governmental expenses - by function for fiscal year 2020:

Expenses by Function - Governmental Activities



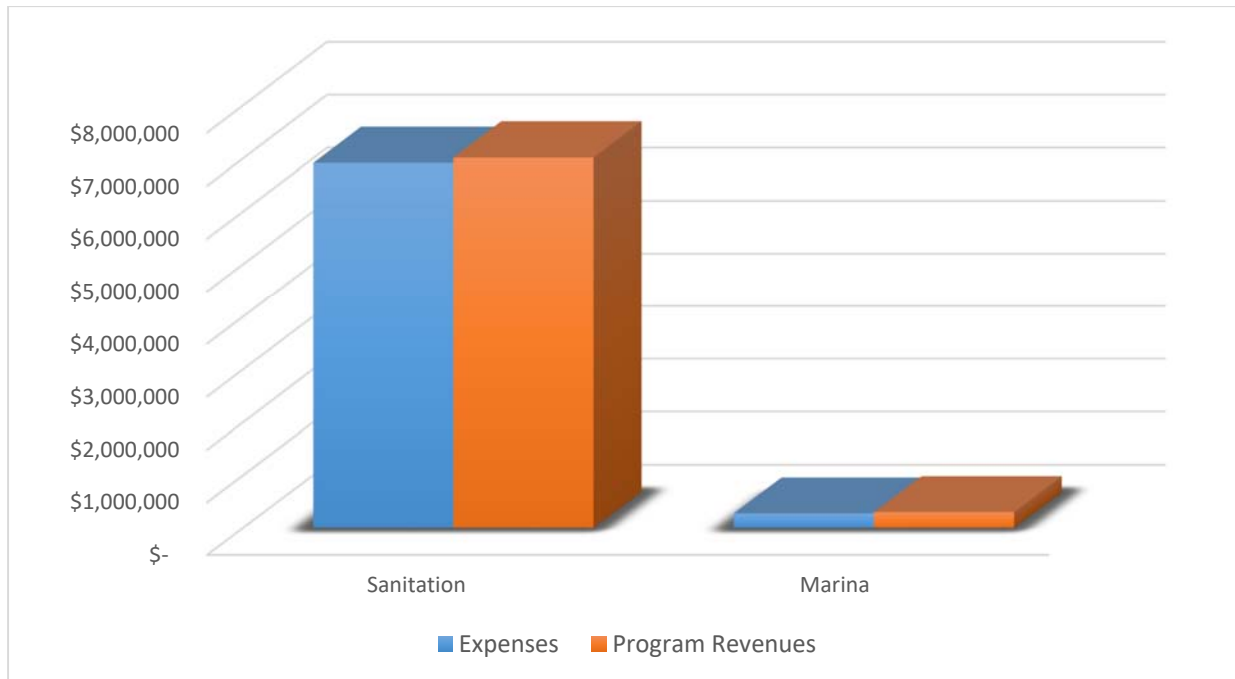
Business-type Activities

The results of City's business-type activities for the current fiscal year were positive in that overall net position increased to an ending balance of \$2,041,081 in FY2020, an increase of \$125,424 when compared to FY2019. Overall, net position from the City's business-type activities account for only 1.5% and 0.9% of the City's combined total net position at September 30, 2020 and 2019, respectively. The Sanitation fund had operating income of \$91,152; this is a decrease of \$245,293 from the prior year's operating income of \$336,445. The Marina fund had operating income in the amount of \$4,064, a decrease of \$42,971 from the previous year's operating income of \$47,035. The City continues to review the operations of its Enterprise Funds to identify costs savings and revenue generating opportunities and to continue to increase the strength of its business-type activities operations.

The major sources of operating revenues for the City's business-type activities include charges for services for Solid Waste utilities (Municipal Sanitation Fund) and the City Marina charges for live aboard fees. Combined operating revenues from these two activities increased in 2020 and totaled \$7,281,104 compared to \$6,863,003 generated in 2019.

A comparison of the City's functional program revenues and costs of providing business-type services to its customers in fiscal year 2020 is useful in identifying the capabilities of producing revenues sufficient to operate their programs. They are presented in the following graph:

Expenses and Program Revenues - Business-type Activities



Operating expenses of the business-type activities increased in 2020 to \$7,185,888, as compared to \$6,479,523 incurred in 2019.

Financial Analysis of the City's Funds

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

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

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$43,139,280, which is \$6,790,103 or 18.7% more than the \$36,349,177 restated fund balance from the previous year. Approximately 21.6% of this amount (\$9.3 million) is comprised of unassigned General Fund balance, which is available for spending at the City's discretion. The remainder of fund balance at the end of 2020 is restricted or committed for specific purposes. Restricted fund balance (totaling \$22.2 million) has legal restrictions from an outside third party and can only legally be spent for the following: community redevelopment (CRA); capital projects; debt service; tree replacement program and public safety.

Committed fund balance is comprised of items which have been pledged for specific purposes by the City Commission. While these amounts are not legally restricted, they have been committed via Resolution or Ordinance by the Commission. Committed fund balance is comprised of items set-aside for stormwater improvements (\$2.5 million) and parking operations and improvements (\$2.9 million). Assigned fund balance is comprised of items which have been "ear-marked" by the City for a particular purpose in the subsequent year's budget.

As of September 30, 2020, the unassigned fund balance in the general fund totaled \$9,303,506, while total fund balance for the general fund reached \$10,003,296. General fund unassigned fund balance increased 37.5%, or \$2,539,630 from the 2019 general fund unassigned fund balance of \$6,763,876.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance at the end of FY2020 represented 30.7% and 31.9%, respectively, of the total general fund expenditures and transfers out (\$31.4 million).

Community Redevelopment Agency. In October 2015, the Volusia County Council approved the 2015 Community Redevelopment Agency (CRA) in the City. The lifespan of the CRA is 20 years and funds can only be spent along the US 1 corridor and in the Historic Westside Community for the first 10 years. The CRA is expected to generate \$15 million for capital projects and economic development incentives. Revenues generated in 2020 include \$721,987 in tax revenue and total expenses were \$113,357.

Stormwater Utility Fund. The stormwater utility fund is a major special revenue fund that accounts for the maintenance of the City's sewer system. Stormwater utility fees are charged to City residents and collected through the property tax bill as a non-ad-valorem assessment. Each year the fees are adjusted based on the consumer price index, which is not to exceed 3%. In FY2020 the fund balance was \$2,463,607, a decrease of \$1,353,632 when compared to the \$3,817,239 fund balance in 2019. The change is mostly attributable to an increase in transfers out for several projects: Corbin Park and Historic Westside Stormwater plans (\$500 thousand each) and reasonable assurance plan (\$1 million).

Building Inspection Fund. The building and inspection fund is responsible for processing requests for construction, inspections, and building permits, reviewing and approving construction plans as well as providing guidance and information to the public regarding contractors and building code requirements. In FY2020, fund balance decreased by \$126,895 to a total of \$8,570,832, from \$8,697,727 at the end of FY2019. The change is attributable to a decrease in licenses and fees revenue and an increase in personnel costs due to hiring of additional staff.

Capital Projects Fund. In FY2020, the City obtained \$4,474,516 in grant revenues for capital projects. During FY2020, the City completed the splash pad at the Babe James Community Center in the amount of \$575,345 along with \$983,625 expended for the various sidewalks around the City. An additional \$1,857,862 has been expended towards the construction of a City Hall Annex, which is planned to open in FY2021.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Please refer to the government-wide analysis on page 23 for more information on the City's Sanitation and Marina funds.

General Fund Budgetary Highlights

Accurate revenue projection is critical to sound budgeting. The amount of resources available for appropriation is the foundation for any budget and should be the basis for decision-making in the budget process. The City Commission periodically revises the budget throughout the year to recognize projects carried over from the previous year, grant awards received during the year and to adjust budgets to reflect actual circumstances. The General Fund final expenditure budget, including transfers out, increased by approximately by \$1.7 million, or 5.2%, from the originally adopted expenditure budget. The most significant amendments made to the budget were as follows: \$550 thousand for Sport Complex turf project, \$100 thousand for Park Master Plan, \$300 thousand for police and fire pension valuation, \$500 thousand for the City Hall Annex project, and \$411 thousand for the 5th Street Bridge replacement. Overall, actual General Fund revenues were \$0.8 million less than final budgeted revenues. Some of the major decreases include \$107 thousand in taxes, \$259 thousand in permits and fees, \$138 thousand in intergovernmental revenue, and \$285 thousand in charges for services. Actual expenditures were \$2.9 million lower than final budgeted appropriations. Almost all departments' expenditures exhibited positive variances compared to budgeted amounts. In addition, some capital projects were not completed by the end of the fiscal year and will be carried forward for completion in the following fiscal years. COVID-19 pandemic played a major role in reduction of both revenue and expenditures in FY2020.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2020, the City's investment in capital assets for its governmental and business-type activities totaled \$140.9 million (net of accumulated depreciation of \$63.5 million). The Capital assets include land, building, improvements other than buildings, machinery and equipment and infrastructure. This investment in capital assets, net of depreciation, for all activities is reflected in the following comparative schedule:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2019	2019	2019	2019	2019
Capital Assets:						
Land and improvements	\$ 38,195,235	\$ 38,195,235	\$ -	\$ -	\$ 38,195,235	\$ 38,195,235
Construction in progress	5,087,929	16,901,329	1,875	-	5,089,804	16,901,329
Buildings	48,722,977	48,147,957	-	32,260	48,722,977	48,180,217
Improvements other than buildings	30,668,492	27,323,715	-	391,029	30,668,492	27,714,744
Machinery and equipment	20,774,286	19,454,771	-	685,593	20,774,286	20,140,364
Infrastructure	60,702,560	46,283,963	288,323	323,148	60,990,883	46,607,111
Accumulated depreciation	(63,515,460)	(58,502,311)	(40,846)	(409,389)	(63,556,306)	(58,911,700)
Total capital assets, net of accumulated depreciation	\$ 140,636,019	\$ 137,804,659	\$ 249,352	\$ 1,022,641	\$ 140,885,371	\$ 138,827,300

Balances for the fiscal year ended September 30, 2019 have not been restated for the change in accounting principle. See Note (18) to the financial statements for an explanation of the changes to beginning net position.

Management's Discussion and Analysis
September 30, 2020
(Continued)

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

	<u>Amount</u>
General Government:	
City Hall Annex Renovation	\$ 2,866,076
Buena Vista Pier – in progress	38,430
Culture and Recreation:	
Sport Complex Turf	905,441
Physical Environment:	
Islesboro Conversion Project	43,651
Transportation:	
Airport Projects – in progress	244,416
5 th Street Bridge	511,902
Items completed from construction in progress and placed in service include:	
Swoop Boat Ramp	768,801
Splash Pad at Babe James Community Center	575,345
Airport Terminal Apron Improvement	1,404,729
Airport Hanger Improvement	178,011
Islesboro Drainage Project	11,838,577
Significant additions	<u>\$ 19,817,035</u>

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

Capital Leases. At year end, the City had present value of minimum lease payments totaling \$1.3 million. In September 2016, the City entered into a lease agreement as a lessee to finance the acquisition of one fire truck and two fire engines. The fire apparatuses were delivered in May of 2017. In November 2015, the City entered into a capital lease agreement as lessee to finance the acquisition of 55 golf carts. In December 2018, the City terminated the 2015 capital lease agreement and entered into a new capital lease agreement as lessee to finance the acquisition of 55 golf carts. More detailed information about the City's capital leases is presented in Note (10) to the financial statements.

Long-term Debt. At year end, the City had \$31.3 million in notes, all of which are secured solely by specified revenue sources. More detailed information about the City's long-term debt is presented in Note (10) to the financial statements.

The City has an outstanding refunding general obligation note in the amount of \$4.5 million and an outstanding capital improvement refunding revenue note of \$4.1 million. The proceeds of the notes were used to finance the construction of a police station, three fire stations, an emergency operations center, and certain public sidewalks and to provide financing resources for several capital projects programs. These notes are payable from all of the City's general revenues with the exception of its ad valorem tax revenue and are payable in varying amounts through 2029.

The City has four promissory note obligations payable to the State of Florida, Department of Environmental Protection State Revolving Fund Loan Program totaling \$441,212 at year end. The proceeds of these loans were used to finance the construction of needed stormwater drainage improvements. These notes are secured by the City's stormwater utility revenues and are payable in varying amounts through 2028.

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

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

In August 2019, the City issued a \$9.5 million general obligation note to finance a Turnbull land purchase, an environmentally sensitive land.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates. This year, however, was especially challenging due to the COVID-19 pandemic. The uncertainty with outcome and timing of COVID-19 has created additional factors that needed to be considered during the budget season in FY2020.

- Local Governments (cities, counties, and school boards) primarily rely on property and a limited array of other permitted taxes (sales, gas, utilities services, etc.) and fees (franchise, business taxes, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. For the business-type and certain governmental activities (permitting, recreational programs, etc.) the user pays a related fee or charge associated with the services.
- The most recent estimates available for unemployment data in Volusia County, Florida are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Database (FRED). This agency estimates a countywide unemployment rate of 6.8% at the end of September 2020, which is higher than the 3.7% rate experienced one year earlier. The increase is attributable to the COVID-19 pandemic and a weakening economy as a result.
- Total taxable assessed property values for 2020 (revenues to be collected during fiscal year 2021) saw an increase of 10.23%. Total property tax values increased to \$4.55 billion, up from \$4.13 billion. For the budget year fiscal year 2021, the City Commission voted to adopt an operating millage rate of 3.7421 which is the same as the previous year's (2020) operating millage rate of 3.7421.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Utilities Commission
ASSETS				
Equity in pooled cash and investments	\$ 41,244,539	\$ 1,810,910	\$ 43,055,449	\$ 12,880,600
Receivables, net	1,363,758	2,642	1,366,400	7,510,313
Due from other governments	3,656,724	-	3,656,724	319,571
Due from primary government	-	-	-	661,953
Due from component unit	908,166	602,315	1,510,481	-
Inventories	147,168	-	147,168	2,539,665
Prepays	224,479	1,529	226,008	490,489
Restricted assets:				
Equity in pooled cash and investments	-	-	-	87,504,842
Capital assets:				
Capital assets, not being depreciated	43,283,164	1,875	43,285,039	55,238,004
Other capital assets, net of depreciation	97,352,855	247,477	97,600,332	144,952,055
Total assets	<u>188,180,853</u>	<u>2,666,748</u>	<u>190,847,601</u>	<u>312,097,492</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	2,094,002	-	2,094,002	735,373
Deferred outflows related to OPEB	331,555	4,027	335,582	225,187
Deferred amounts on bond refunding	347,452	-	347,452	93,679
Total deferred outflows	<u>2,773,009</u>	<u>4,027</u>	<u>2,777,036</u>	<u>1,054,239</u>
LIABILITIES				
Accounts payable and accrued liabilities	2,555,996	570,955	3,126,951	5,565,163
Due to other governments	-	-	-	175,151
Due to primary government	-	-	-	1,510,481
Due to component unit	661,953	-	661,953	-
Unearned revenue	293,380	-	293,380	-
Deposits	370,894	14,171	385,065	5,584,258
Accrued interest payable	354,133	-	354,133	905,247
Noncurrent liabilities:				
Due within one year:				
Bonds and notes payable	2,945,294	-	2,945,294	1,055,000
Capital lease obligations	238,005	-	238,005	-
Compensated absences	262,965	2,469	265,434	600,011
Net pension liability	-	-	-	28,453
Due in more than one year:				
Bonds and notes payable	28,389,355	-	28,389,355	79,324,416
Capital lease obligations	1,089,967	-	1,089,967	-
Compensated absences	1,573,000	3,374	1,576,374	600,011
Total OPEB liability	2,566,951	31,178	2,598,129	1,025,572
Net pension liability	10,469,882	-	10,469,882	2,706,018
Total liabilities	<u>51,771,775</u>	<u>622,147</u>	<u>52,393,922</u>	<u>99,079,781</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	491,604	-	491,604	419,034
Deferred inflows related to OPEB	615,381	7,547	622,928	12,596
Deferred energy cost and fuel adjustments	-	-	-	6,727,964
Total deferred inflows of resources	<u>1,106,985</u>	<u>7,547</u>	<u>1,114,532</u>	<u>7,159,594</u>
NET POSITION				
Net investment in capital assets	113,500,350	249,352	113,749,702	184,904,322
Restricted for:				
Public safety	8,694,560	-	8,694,560	-
Community redevelopment	1,216,324	-	1,216,324	-
Tree replacement	120,304	-	120,304	-
Debt service	234,544	-	234,544	1,055,000
Capital projects	6,367,992	-	6,367,992	-
Renewal and replacement	-	-	-	14,960,337
Unrestricted	7,941,028	1,791,729	9,732,757	5,992,697
Total net position	<u>\$ 138,075,102</u>	<u>\$ 2,041,081</u>	<u>\$ 140,116,183</u>	<u>\$ 206,912,356</u>

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Utilities Commission
Primary Government:								
Governmental activities:								
General government	\$ 5,726,788	\$ 877,187	\$ 124,749	\$ -	\$ (4,724,852)	\$ -	\$ (4,724,852)	\$ -
Public safety	16,406,663	5,255,655	1,083,311	522,809	(9,544,888)	-	(9,544,888)	-
Transportation	6,176,788	2,290,281	1,237,618	2,322,836	(326,053)	-	(326,053)	-
Physical environment	1,284,274	2,377,221	-	63,823	1,156,770	-	1,156,770	-
Economic environment	796,074	-	-	3,576,960	2,780,886	-	2,780,886	-
Culture and recreation	6,351,948	1,725,929	-	755,041	(3,870,978)	-	(3,870,978)	-
Buildings and maintenance	474,163	-	-	-	(474,163)	-	(474,163)	-
Interest on long-term debt	919,793	-	-	-	(919,793)	-	(919,793)	-
Total governmental activities	<u>38,136,491</u>	<u>12,526,273</u>	<u>2,445,678</u>	<u>7,241,469</u>	<u>(15,923,071)</u>	<u>-</u>	<u>(15,923,071)</u>	<u>-</u>
Business-type activities:								
Sanitation	6,911,750	7,002,902	-	-	-	91,152	91,152	-
City Marina	274,138	278,202	14,950	-	-	19,014	19,014	-
Total business-type activities	<u>7,185,888</u>	<u>7,281,104</u>	<u>14,950</u>	<u>-</u>	<u>-</u>	<u>110,166</u>	<u>110,166</u>	<u>-</u>
Total primary government	<u>\$ 45,322,379</u>	<u>\$ 19,807,377</u>	<u>\$ 2,460,628</u>	<u>\$ 7,241,469</u>	<u>(15,923,071)</u>	<u>110,166</u>	<u>(15,812,905)</u>	<u>-</u>
Component Unit:								
Utilities Commission	<u>\$ 62,889,643</u>	<u>\$ 59,458,493</u>	<u>\$ -</u>	<u>\$ 7,401,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,970,575</u>
General revenues:								
Property taxes					17,061,249	-	17,061,249	-
Sales taxes					1,488,470	-	1,488,470	-
Public service taxes					3,490,749	-	3,490,749	-
Intergovernmental revenues not restricted to specific programs					1,135,220	-	1,135,220	-
Franchise fees					723,240	-	723,240	-
Required payment from component unit					3,737,897	-	3,737,897	-
Investment earnings					227,801	15,258	243,059	264,893
Miscellaneous revenues					82,124	-	82,124	647,719
Total general revenues					<u>27,946,750</u>	<u>15,258</u>	<u>27,962,008</u>	<u>912,612</u>
Change in net position					12,023,679	125,424	12,149,103	4,883,187
Net position - beginning of year, restated					126,051,423	1,915,657	127,967,080	202,029,169
Net position - ending of year					<u>\$ 138,075,102</u>	<u>\$ 2,041,081</u>	<u>\$ 140,116,183</u>	<u>\$ 206,912,356</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Stormwater Utility</u>	<u>Buildings Inspection</u>	<u>Community Redevelopment Agency, 2015</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Equity in pooled cash	\$ 8,860,021	\$ 2,503,861	\$ 8,578,295	\$ 1,291,324	\$ 8,337,653	\$ 11,613,711	\$ 41,184,865
Receivables, net	1,192,740	-	61,757	-	-	108,012	1,362,509
Due from component unit	908,166	-	-	-	-	-	908,166
Due from other governments	1,874,338	-	-	-	914,975	867,411	3,656,724
Inventories	40,133	-	-	-	-	19,089	59,222
Prepaid items	205,982	-	15,000	-	-	3,497	224,479
Total assets	<u>\$ 13,081,380</u>	<u>\$ 2,503,861</u>	<u>\$ 8,655,052</u>	<u>\$ 1,291,324</u>	<u>\$ 9,252,628</u>	<u>\$ 12,611,720</u>	<u>\$ 47,395,965</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,387,048	\$ 40,254	\$ 84,220	\$ 75,000	\$ 604,272	\$ 321,586	\$ 2,512,380
Customer deposits	322,982	-	-	-	-	47,912	370,894
Unearned revenue	293,380	-	-	-	-	-	293,380
Due to component unit	661,953	-	-	-	-	-	661,953
Total liabilities	<u>2,665,363</u>	<u>40,254</u>	<u>84,220</u>	<u>75,000</u>	<u>604,272</u>	<u>369,498</u>	<u>3,838,607</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes	44,885	-	-	-	-	5,357	50,242
Unavailable revenue - special assessments	367,836	-	-	-	-	-	367,836
Total deferred inflows of resources	<u>412,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,357</u>	<u>418,078</u>
FUND BALANCES							
Nonspendable:							
Inventories and prepaid items	246,115	-	15,000	-	-	22,586	283,701
Restricted for:							
Public safety	3,436	-	8,555,832	-	-	135,292	8,694,560
Debt service	-	-	-	-	-	1,099,039	1,099,039
Capital projects	-	-	-	-	4,669,138	6,367,992	11,037,130
Community redevelopment	-	-	-	1,216,324	-	-	1,216,324
Tree replacement	120,304	-	-	-	-	-	120,304
Committed to:							
Capital projects	-	-	-	-	1,041,193	-	1,041,193
Systems maintenance and improvements	-	2,463,607	-	-	-	-	2,463,607
Parking	-	-	-	-	-	2,906,207	2,906,207
Assigned to:							
General government	307,001	-	-	-	-	-	307,001
Capital projects	-	-	-	-	2,938,025	-	2,938,025
Airport park maintenance and improvements	-	-	-	-	-	1,705,749	1,705,749
Culture and recreation	22,934	-	-	-	-	-	22,934
Unassigned	9,303,506	-	-	-	-	-	9,303,506
Total fund balances	<u>10,003,296</u>	<u>2,463,607</u>	<u>8,570,832</u>	<u>1,216,324</u>	<u>8,648,356</u>	<u>12,236,865</u>	<u>43,139,280</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,081,380</u>	<u>\$ 2,503,861</u>	<u>\$ 8,655,052</u>	<u>\$ 1,291,324</u>	<u>\$ 9,252,628</u>	<u>\$ 12,611,720</u>	<u>\$ 47,395,965</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Fund balances - total governmental funds \$ 43,139,280

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

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

Total governmental capital assets	203,396,744	
Less: accumulated depreciation	<u>(62,983,886)</u>	140,412,858

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

Net pension liability	(10,469,882)	
Deferred outflows related to pensions	2,094,002	
Deferred inflows related to pensions	<u>(491,604)</u>	(8,867,484)

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

Total OPEB liability	(2,525,383)	
Deferred outflows related to OPEB	326,186	
Deferred inflows related to OPEB	<u>(605,319)</u>	(2,804,516)

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

264,707

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

Unavailable revenue - taxes	50,242	
Unavailable revenue - special assessments	<u>367,836</u>	418,078

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

Bonds and notes payable	(31,334,649)	
Capital lease obligation	(1,327,972)	
Accrued interest payable	(354,133)	
Deferred amounts on refunding	347,452	
Compensated absences	<u>(1,818,519)</u>	(34,487,821)

Net position of governmental activities \$ 138,075,102

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

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Stormwater Utility	Building Inspections	Community Redevelopment Agency, 2015	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 19,117,500	\$ -	\$ -	\$ 721,987	\$ 369,558	\$ 1,811,845	\$ 22,020,890
Licenses and fees	4,722,073	-	2,895,609	-	-	1,274,425	8,892,107
Intergovernmental	3,665,649	63,823	-	-	4,474,516	1,428,705	9,632,693
Charges for services	3,584,560	2,377,221	-	-	-	3,574,118	9,535,899
Fines and forfeitures	438,746	-	-	-	-	34,218	472,964
Investment income (loss)	(43,238)	40,904	82,545	10,906	26,948	109,010	227,075
Miscellaneous	425,830	-	-	-	4,200	205	430,235
Total revenues	<u>31,911,120</u>	<u>2,481,948</u>	<u>2,978,154</u>	<u>732,893</u>	<u>4,875,222</u>	<u>8,232,526</u>	<u>51,211,863</u>
Expenditures							
Current:							
General government	6,045,254	-	-	-	-	-	6,045,254
Public safety	12,837,857	-	1,947,499	-	-	119,884	14,905,240
Transportation	1,399,902	-	-	-	682,417	2,452,697	4,535,016
Physical environment	-	761,984	-	-	-	-	761,984
Economic environment	-	-	-	75,000	-	-	75,000
Culture and recreation	5,300,346	-	-	-	-	-	5,300,346
Buildings and maintenance	454,098	-	-	-	-	-	454,098
Capital outlay	967,807	723,669	91,561	-	4,562,393	2,121,800	8,467,230
Debt service:							
Principal	232,883	-	-	-	-	2,898,008	3,130,891
Interest and fiscal charges	28,664	-	-	-	-	834,955	863,619
Total expenditures	<u>27,266,811</u>	<u>1,485,653</u>	<u>2,039,060</u>	<u>75,000</u>	<u>5,244,810</u>	<u>8,427,344</u>	<u>44,538,678</u>
Excess (deficiency) of revenues over expenditures	<u>4,644,309</u>	<u>996,295</u>	<u>939,094</u>	<u>657,893</u>	<u>(369,588)</u>	<u>(194,818)</u>	<u>6,673,185</u>
Other financing sources (uses)							
Transfers in	14,614	-	-	-	6,357,486	2,028,615	8,400,715
Transfers out	(4,116,713)	(2,349,927)	(1,065,989)	(38,357)	-	(829,729)	(8,400,715)
Proceeds from insurance recovery	78,494	-	-	-	-	589	79,083
Proceeds from sale of capital assets	37,835	-	-	-	-	-	37,835
Total other financing sources (uses)	<u>(3,985,770)</u>	<u>(2,349,927)</u>	<u>(1,065,989)</u>	<u>(38,357)</u>	<u>6,357,486</u>	<u>1,199,475</u>	<u>116,918</u>
Net change in fund balances	<u>658,539</u>	<u>(1,353,632)</u>	<u>(126,895)</u>	<u>619,536</u>	<u>5,987,898</u>	<u>1,004,657</u>	<u>6,790,103</u>
Fund balances, beginning of year, as restated	9,344,757	3,817,239	8,697,727	596,788	2,660,458	11,232,208	36,349,177
Fund balances, end of year	<u>\$ 10,003,296</u>	<u>\$ 2,463,607</u>	<u>\$ 8,570,832</u>	<u>\$ 1,216,324</u>	<u>\$ 8,648,356</u>	<u>\$ 12,236,865</u>	<u>\$ 43,139,280</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	\$ 6,790,103
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	8,467,230
Depreciation expense	(5,764,125)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(35,775)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	3,130,891
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (special assessments and property taxes).	
	(15,400)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension/OPEB plans reduces future net pension/total OPEB liability. Also included in pension/OPEB expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(411,079)
Change in total OPEB liability and deferred inflows/outflows related to OPEB	158,688
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Amortization of deferred amounts on refunding	(48,884)
Change in accrued interest on long-term debt	(35,954)
Change in compensated absences liability	(221,275)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The portion of net revenue/expense of internal service funds reported within governmental activities for the year.	
	9,259
Change in net position of governmental activities	\$ 12,023,679

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

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	<u>Sanitation</u>	<u>Nonmajor Marina</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund - Garage</u>
ASSETS				
Equity in pooled cash	\$ 1,198,051	\$ 612,859	\$ 1,810,910	\$ 59,674
Accounts receivable, net	1,681	961	2,642	1,249
Due from component unit	602,315	-	602,315	-
Inventories	-	-	-	87,946
Prepaid items	46	1,483	1,529	-
Total current assets	<u>1,802,093</u>	<u>615,303</u>	<u>2,417,396</u>	<u>148,869</u>
Noncurrent assets:				
Capital assets:				
Construction in progress	-	1,875	1,875	-
Infrastructure	-	288,323	288,323	-
Building and improvements	-	-	-	254,654
Improvements other than buildings	-	-	-	217,627
Machinery and equipment	-	-	-	282,454
Accumulated depreciation	<u>-</u>	<u>(40,846)</u>	<u>(40,846)</u>	<u>(531,574)</u>
Total capital assets, net	<u>-</u>	<u>249,352</u>	<u>249,352</u>	<u>223,161</u>
Total noncurrent assets	<u>-</u>	<u>249,352</u>	<u>249,352</u>	<u>223,161</u>
Total assets	<u>1,802,093</u>	<u>864,655</u>	<u>2,666,748</u>	<u>372,030</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	2,685	1,342	4,027	5,369
Total deferred outflows of resources	<u>2,685</u>	<u>1,342</u>	<u>4,027</u>	<u>5,369</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	561,337	9,618	570,955	43,616
Deposits	-	14,171	14,171	-
Compensated absences	1,516	953	2,469	4,054
Total current liabilities	<u>562,853</u>	<u>24,742</u>	<u>587,595</u>	<u>47,670</u>
Noncurrent liabilities:				
Compensated absences	2,641	733	3,374	13,392
Total OPEB liability	<u>20,785</u>	<u>10,393</u>	<u>31,178</u>	<u>41,568</u>
Total noncurrent liabilities	<u>23,426</u>	<u>11,126</u>	<u>34,552</u>	<u>54,960</u>
Total liabilities	<u>586,279</u>	<u>35,868</u>	<u>622,147</u>	<u>102,630</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	5,031	2,516	7,547	10,062
Total deferred inflows of resources	<u>5,031</u>	<u>2,516</u>	<u>7,547</u>	<u>10,062</u>
NET POSITION				
Net investment in capital assets	-	249,352	249,352	223,161
Unrestricted	1,213,468	578,261	1,791,729	41,546
Total net position	<u>\$ 1,213,468</u>	<u>\$ 827,613</u>	<u>\$ 2,041,081</u>	<u>\$ 264,707</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Sanitation</u>	<u>Nonmajor City Marina</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund - Garage</u>
Operating revenues				
Charges for services	\$ 6,977,906	\$ 278,029	\$ 7,255,935	\$ 1,014,717
Miscellaneous revenues	24,996	173	25,169	517
Total operating revenues	<u>7,002,902</u>	<u>278,202</u>	<u>7,281,104</u>	<u>1,015,234</u>
Operating expenses				
Personnel services	119,176	108,568	227,744	272,142
Contractual services	-	-	-	384
Utilities	961	25,213	26,174	6,561
Cost of sales	6,499,578	211	6,499,789	598,717
Buildings and maintenance	-	57,053	57,053	82,365
Supplies and materials	227,023	12,618	239,641	11,555
Other services and charges	65,012	56,058	121,070	14,020
Depreciation	-	14,417	14,417	20,957
Total operating expenses	<u>6,911,750</u>	<u>274,138</u>	<u>7,185,888</u>	<u>1,006,701</u>
Operating income (loss)	<u>91,152</u>	<u>4,064</u>	<u>95,216</u>	<u>8,533</u>
Nonoperating revenues (expenses)				
Interest earnings	9,793	5,465	15,258	726
Intergovernmental grants	-	14,950	14,950	-
Total nonoperating revenues (expenses)	<u>9,793</u>	<u>20,415</u>	<u>30,208</u>	<u>726</u>
Change in net position	<u>100,945</u>	<u>24,479</u>	<u>125,424</u>	<u>9,259</u>
Net position, beginning of year, as restated	1,112,523	803,134	1,915,657	255,448
Net position, end of year	<u>\$ 1,213,468</u>	<u>\$ 827,613</u>	<u>\$ 2,041,081</u>	<u>\$ 264,707</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Sanitation</u>	<u>Nonmajor City Marina</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund - Garage</u>
Cash flows from operating activities				
Cash received from customers	\$ 6,948,415	\$ 278,238	\$ 7,226,653	\$ 1,015,887
Cash paid to employees	(118,761)	(108,169)	(226,930)	(272,910)
Cash paid to suppliers	(6,723,048)	(156,727)	(6,879,775)	(709,145)
Net cash provided by (used in) operating activities	<u>106,606</u>	<u>13,342</u>	<u>119,948</u>	<u>33,832</u>
Cash flows from noncapital financing activities				
Intergovernmental grant proceeds	-	14,950	14,950	-
Interfund loans	95,813	-	95,813	-
Net cash provided by (used in) noncapital financing activities	<u>95,813</u>	<u>14,950</u>	<u>110,763</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	-	(1,875)	(1,875)	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(1,875)</u>	<u>(1,875)</u>	<u>-</u>
Cash flows from investing activities				
Interest received	9,793	5,465	15,258	726
Net cash provided by (used in) investing activities	<u>9,793</u>	<u>5,465</u>	<u>15,258</u>	<u>726</u>
Net change in cash and cash equivalents	<u>212,212</u>	<u>31,882</u>	<u>244,094</u>	<u>34,558</u>
Cash and cash equivalents, beginning of year	985,839	580,977	1,566,816	25,116
Cash and cash equivalents, end of year	<u>\$ 1,198,051</u>	<u>\$ 612,859</u>	<u>\$ 1,810,910</u>	<u>\$ 59,674</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 91,152	\$ 4,064	\$ 95,216	\$ 8,533
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	14,417	14,417	20,957
Changes in assets and liabilities:				
Accounts receivable	4,711	4,040	8,751	653
Due from component unit	(59,198)	-	(59,198)	-
Inventories	-	-	-	(10,660)
Prepaid items	(46)	(60)	(106)	50
Accounts payable and accrued liabilities	69,572	(5,514)	64,058	15,067
Deposits	-	(1,123)	(1,123)	-
Unearned revenue	-	(2,881)	(2,881)	-
Compensated absences	1,875	1,127	3,002	2,152
Total OPEB liability	(1,460)	(728)	(2,188)	(2,920)
Net cash provided by (used in) operating activities	<u>\$ 106,606</u>	<u>\$ 13,342</u>	<u>\$ 119,948</u>	<u>\$ 33,832</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 1,075,360
Prepaid benefit payments	136,196
Receivables:	
State premium taxes	319,219
Other receivables	348,065
Interest and dividends receivable	48,469
Total receivables	715,753
Investments, at fair value:	
Common stock	15,117,272
Government agency obligations	2,443,957
Corporate bond securities	2,860,150
Mutual funds	15,302,616
Real estate funds	4,055,705
Annuity contracts	2,834,453
Total investments	42,614,153
Total assets	44,541,462
LIABILITIES	
Accounts payable	28,195
Total liabilities	28,195
NET POSITION	
Restricted for pensions	\$ 44,513,267

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

CITY OF NEW SMYRNA BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 1,150,716
Employees	548,546
State - insurance premium taxes	586,052
Total contributions	2,285,314
Investment earnings	
Net appreciation (depreciation) in fair value of investments	3,089,369
Interest and dividends	818,804
Total investment earnings	3,908,173
Less: investment expense	(202,608)
Net investment income (loss)	3,705,565
Total additions	5,990,879
Deductions	
Benefit payments and refunds	3,320,625
Administrative expenses	98,429
Total deductions	3,419,054
Change in net position	2,571,825
Net position restricted for pensions, beginning of year	41,941,442
Net position restricted for pensions, end of year	\$ 44,513,267

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) Summary of Significant Accounting Policies:

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

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

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

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

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

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

(c) **Blended component units**—The following component unit is blended with the primary government for financial statement purposes. A blended component unit, is in substance, part of the primary government's operations, even though it is a legally separate entity. Thus, the blended component unit is appropriately presented as a fund of the primary government in the City's Comprehensive Annual Financial Report for the year ended September 30, 2020. The blended component unit also issues separate financial statements.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The Community Redevelopment Agency (2015) of the City of New Smyrna Beach was organized under Section 163 of the Florida Statutes and formally came into existence February 24, 2015. Although legally separate from the City, the CRA is governed by a board of directors which is comprised of the City Commission, the City manages their operations, and the component unit exclusively serves the City. The Community Redevelopment Agency (2015) of the City of New Smyrna Beach uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. The Community Redevelopment Agency (1985) of New Smyrna Beach was closed into the Community Redevelopment Agency (2015) of the City of New Smyrna Beach during the year ended September 30, 2020.

(d) **Related organizations**—The City Commission is also responsible for appointing the members of the board of directors for the Housing Authority of New Smyrna Beach. The City's accountability for this organization does not extend beyond making the appointments. The board members do not serve at the discretion of the Commission and can only be removed for cause. The City cannot impose its will on the House Authority and does not derive any financial benefit or burden from the relationship.

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

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The golf course balances and activity were moved into the General Fund during the year ended September 30, 2020.

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

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The City reports the following major proprietary fund:

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

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

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. For the City, operating revenues come from refuse and recycling collection fees for sanitation services, which are the principal ongoing operations of the city's Sanitation fund. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

(m) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

(q) **Deferred outflows/inflows of resources**—In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City presents a deferred amount on refunding which is reported in the proprietary funds and government-wide statement of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows related to pensions as discussed further in Note (15) and deferred outflows related to OPEB as discussed further in Note (14).

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items, unavailable revenues in the governmental fund balance sheets and deferred inflows related to pensions and other post-employment benefits (OPEB) in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet and is from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows related to pensions are discussed further in Note (15) and deferred inflows related to OPEB are discussed further in Note (14).

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

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

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

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school district property taxes are consolidated in the offices of the County Property Appraiser and Chief Financial Officer. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2020, the operating and combined debt service millage rates (2019 levy) assessed by the City were 3.7421 and 0.4535 mills, respectively.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(3) Property Tax Calendar: (Continued)

The property tax calendar is as follows:

Valuation Date	January 1
Property Appraiser prepares the assessment roll with values as of January 1, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1
City Commission holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1
A Notice of Taxes is mailed to each property owner on the assessment roll.	November 1
Taxes may be paid November through March, with the following applicable discounts:	November 1

<u>Month Paid</u>	<u>Discount Percent</u>	
November	4%	November 1, 2019 through March 31, 2020
December	3%	
January	2%	
February	1%	
March	0%	

All unpaid taxes on real and tangible personal property become delinquent.	April 1
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.	June 1

(4) Cash Deposits and Investments:

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

Investments: The City's investment policy, established by Resolution No. 19-19, authorizes the City to invest excess funds in non-negotiable interest-bearing time certificates of deposit, money market mutual funds, obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States Government, federal instrumentalities, repurchase agreements, commercial paper, corporate notes, bankers acceptances, state and/or local government taxable and/or tax-exempt debt, intergovernmental investment pools, and/or the State Board of Administration (SBA) Local Government Surplus Trust Fund Investment Pool (Florida PRIME).

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

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

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

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

Custodial Credit Risk: In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2020, the City's investment in the guaranteed annuity contract is not subject to custodial credit risk. The City's investments are held in street name in the form of stock, corporate bonds, and U.S. Government bonds through a financial brokerage firm segregated out from the assets and investments held by other clients of the investment firm and their own assets.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

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

Concentration of Credit Risk: The provisions under Resolution No. 19-19, 185.06(b), and 175.071(b), Florida Statutes, for general investments, and investments held by the trustees for the Municipal Police Officers' and Municipal Firefighters' Pension Trust Funds, respectively, generally limit the City's investment to securities that by their nature are either guaranteed by a life insurance company or the United States, or have the highest credit rating. With respect to investments in common or capital stock the City is restricted to investing not more than 5 percent of its total assets held in the pension trust funds in any one issuing company. These provisions exist to limit the concentration of credit risk that can arise from the failure to adequately diversify investments.

Fair Value: The City measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines. These guidelines recognize a three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

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

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

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

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

As of September 30, 2020, the City had the following deposits and investments:

Investment Type	Credit Quality Rating	Carrying Value	Weighted Average Investment Maturities (in Years)			Fair Value Hierarchy Classification
			Less Than 1	1 – 5	6-10	
Common stock	N/A	\$ 15,117,272	\$ 15,117,272	\$ -	\$ -	Level 1
Government bonds	AAA	2,443,957	233,814	1,362,291	847,852	Level 2
Corporate bonds	A- to AAA	2,860,150	458,582	1,373,469	1,028,099	Level 2
Mutual funds	N/A	15,302,616	15,302,616	-	-	Level 1
Fixed income annuity contracts	N/A	2,834,453	2,834,453	-	-	Level 2
Real estate investments	N/A	4,055,705	4,055,705	-	-	NAV
Total fiduciary fund investments		42,614,153	38,002,442	2,735,760	1,875,951	
City cash & cash equivalents		43,055,449	N/A	N/A	N/A	N/A
Pension cash & cash equivalents		1,075,360	N/A	N/A	N/A	N/A
Total carrying value of cash & cash equivalents and investments		\$ 86,744,962	\$ 38,002,442	\$ 2,735,760	\$ 1,875,951	

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Real estate fund	1,606,061	None	Quarterly	60 days prior to the end of the quarter
Real estate fund	2,449,644	None	Quarterly	Last day of the calendar quarter during which the Fund receives the notice
Total	<u>\$ 4,055,705</u>			

(5) Accounts Receivable:

The City's receivables consisted of the following at September 30, 2020:

	<u>Special Assessments Receivable</u>	<u>Gross Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:				
General Fund	\$ 990,032	\$ 389,129	\$ (186,421)	\$ 1,192,740
Special Revenue Funds:				
Building Inspections	-	193,659	(131,902)	61,757
Airport Industrial Park	-	221,494	(113,482)	108,012
Beach Parking	-	-	-	-
Internal Service Fund	-	1,249	-	1,249
Total – Governmental Activities	<u>990,032</u>	<u>805,531</u>	<u>(431,805)</u>	<u>1,363,758</u>
Business-Type Activities:				
Sanitation	-	6,663	(4,982)	1,681
Municipal Marina	-	961	-	961
Totals – Business-Type Activities	<u>-</u>	<u>7,624</u>	<u>(4,982)</u>	<u>2,642</u>
Totals	<u>\$ 990,032</u>	<u>\$ 813,155</u>	<u>\$ (436,787)</u>	<u>\$ 1,366,400</u>
Component Unit	<u>\$ -</u>	<u>\$ 7,566,482</u>	<u>\$ (56,169)</u>	<u>\$ 7,510,313</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

At September 30, 2020, there were no individual fund advances or amount due to and from other funds for the primary government. Amounts due from component units were comprised of the following:

	Due From Component Unit	Due to Primary Government
Primary Government:		
General Fund	\$ 908,166	\$ -
Sanitation Fund	602,315	-
Component Unit:		
Utilities Commission, City of New Smyrna Beach	-	1,510,481
Total	\$ 1,510,481	\$ 1,510,481

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

In fiscal year 2018, pursuant to Ordinance No. 31-18, the City levied a special assessment for certain benefiting property owners to fund sanitary sewer improvements along State Road 44. The sanitary sewer improvements will be constructed by the Utilities Commission and the Utilities Commission will retain ownership of the improvements. Related to the special assessment, the City entered into an agreement with the Utilities Commission under which the City, with the exception of \$20,000 to reimburse the City for initial costs incurred, will remit all funds collected from this special assessment to the Utilities Commission to fund these improvements. At September 30, 2020, \$661,953 of the principal portion of the special assessment is reported as due to component unit.

Transfers are used to move monies from various funds to debt service funds as debt service principal and interest payments become due and move funds to finance various programs, provide grant matching funds, or to subsidize operations that the City must account for in other funds in accordance with budgetary authorizations. During the year ended September 30, 2020, individual fund transfers to and from other funds for the primary government were comprised of the following:

	Governmental Activities			Total Transfers Out
	General Fund	Capital Projects Fund	Debt Service Fund	
Governmental Activities:				
General Fund	\$ -	\$ 2,938,025	\$ 1,178,688	\$ 4,116,713
Stormwater Utility Fund	-	1,500,000	849,927	2,349,927
Building Inspections Fund	-	1,065,989	-	1,065,989
CRA Trust Fund 2015	-	38,357	-	38,357
Nonmajor Governmental Funds:				
Beach Parking Fund	-	65,000	-	65,000
Emergency Service Capital Fund	14,614	-	-	14,614
Parks & Recreation Capital Fund	-	117,615	-	117,615
Transportation Capital Fund	-	632,500	-	632,500
Total Transfers In	\$ 14,614	\$ 6,357,486	\$ 2,028,615	\$ 8,400,715

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The general fund and stormwater utility fund transferred funds to the debt service fund for debt service payments. The nonmajor debt service fund transferred funds to the capital projects fund which represented cash from the issuance of the 2019 General Obligation Note. The nonmajor city marina fund transferred funds to the general fund to cover administrative services provided to the marina. Additionally, all assets of the Community Redevelopment Agency (1985) of New Smyrna Beach was transferred to the capital projects funds during the year for a total transfer of \$28,357.

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2020, is as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 37,954,288	\$ -	\$ -	\$ 37,954,288
Easements	240,947	-	-	240,947
Construction in progress	16,325,569	5,633,157	(16,870,797)	5,087,929
Total capital assets, not being depreciated	<u>54,520,804</u>	<u>5,633,157</u>	<u>(16,870,797)</u>	<u>43,283,164</u>
Capital assets, being depreciated:				
Buildings and improvements	48,473,881	249,096	-	48,722,977
Improvements other than buildings	27,421,080	3,247,412	-	30,668,492
Infrastructure	46,318,788	14,383,772	-	60,702,560
Machinery and equipment	20,140,364	1,824,590	(1,190,668)	20,774,286
Total capital assets, being depreciated	<u>142,354,113</u>	<u>19,704,870</u>	<u>(1,190,668)</u>	<u>160,868,315</u>
Less accumulated depreciation for:				
Buildings and improvements	(15,319,678)	(1,025,223)	-	(16,344,901)
Improvements other than buildings	(17,542,088)	(952,731)	-	(18,494,819)
Infrastructure	(14,436,250)	(2,475,085)	-	(16,911,335)
Machinery and equipment	(11,587,255)	(1,332,043)	1,154,893	(11,764,405)
Total accumulated depreciation	<u>(58,885,271)</u>	<u>(5,785,082)</u>	<u>1,154,893</u>	<u>(63,515,460)</u>
Total capital assets, being depreciated, net	<u>83,468,842</u>	<u>13,919,788</u>	<u>(35,775)</u>	<u>97,352,855</u>
Governmental activities capital assets, net	<u>\$ 137,989,646</u>	<u>\$ 19,552,945</u>	<u>\$ (16,906,572)</u>	<u>\$ 140,636,019</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,875	\$ -	\$ 1,875
Total capital assets, not being depreciated	<u>-</u>	<u>1,875</u>	<u>-</u>	<u>1,875</u>
Capital assets, being depreciated:				
Infrastructure	288,323	-	-	288,323
Total capital assets, being depreciated	<u>288,323</u>	<u>-</u>	<u>-</u>	<u>288,323</u>
Less accumulated depreciation for:				
Infrastructure	-	(14,417)	-	-
Total accumulated depreciation	<u>(26,429)</u>	<u>(14,417)</u>	<u>-</u>	<u>(40,846)</u>
Total capital assets, being depreciated, net	<u>261,894</u>	<u>(14,417)</u>	<u>-</u>	<u>247,477</u>
Business-type activities capital assets, net	<u>\$ 261,894</u>	<u>\$ (12,542)</u>	<u>\$ -</u>	<u>\$ 249,352</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 553,949
Public safety	1,162,239
Transportation	1,455,680
Economic environment	721,163
Physical environment	738,380
Culture and recreation	1,111,991
Buildings and maintenance	20,723
Garage – Internal service fund	20,957
Total depreciation expense - governmental activities	<u>\$ 5,785,082</u>
Business-type activities:	
Sanitation	\$ -
City Marina	14,417
Total depreciation expense - business-type activities	<u>\$ 14,417</u>

(8) **Commitments and Contingencies:**

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

The City had active construction projects as of September 30, 2020. At year-end the City's commitments with contractors were as follows:

	<u>Outstanding Commitments</u>
General fund	\$ 329,935
Airport industrial park fund	1,090,887
Stormwater utility fund	239,105
Building inspection fund	32,397
Beach parking fund	56,560
Law enforcement capital fund	184,943
Capital projects fund	4,076,168
Total outstanding commitments	<u>\$ 6,009,995</u>

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(8) Commitments and Contingencies: (Continued)

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2020. The outcomes of established claims are included in these financial statements. In the opinion of the City’s legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(9) Encumbrances:

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments are recorded in order to reserve the portion of appropriates necessary to liquidate the commitment. Non-capital related encumbrances outstanding are cancelled and are not re-appropriated; however, encumbrances outstanding at year-end for capital projects are cancelled and re-appropriated in the succeeding year’s budget by way of a budget amendment. These amounts are recorded as part of restricted, committed, or assigned fund balances, depending on the classification of the resources that will be used to liquidate the encumbrance in a subsequent fiscal year. At September 30, 2020, encumbrances were reported under various fund balance classifications within the following funds:

	Outstanding Encumbrances
General fund	\$ 329,935
Airport industrial park fund	1,090,887
Stormwater utility fund	239,105
Building inspection fund	32,397
Beach parking fund	56,560
Law enforcement capital fund	184,943
Capital projects fund	4,076,168
Total outstanding commitments	\$ 6,009,995

(10) Long-Term Liabilities:

A. Capital Leases

Governmental activities:

In September 2016, the City entered into a capital lease for the acquisition of one fire truck and two fire engines valued at \$1,999,328. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments. The general fund is responsible for all payments on the lease, which are due in semi-annual installments of \$108,522, including interest at 1.71%. The assets acquired through capital leases are included in governmental activities – machinery and equipment at an acquisition value of \$1,999,328, with \$335,265 of associated accumulated depreciation, resulting in a net book value of \$1,664,063 at September 30, 2020.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The future minimum lease payments and the net present value as of September 30, 2020, were as follows:

Year Ending September 30,	Amount
2021	\$ 217,043
2022	217,043
2023	217,043
2024	217,043
2025	217,042
2026	217,042
Total minimum lease payments	1,302,256
Less: amounts representing interest	(69,753)
Present value of minimum lease payments	\$ 1,232,503

In December 2018, the City entered into a capital lease for the acquisition of golf carts valued at \$164,006. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments. The general fund is responsible for all payments on the lease, which are due in quarterly installments of \$11,126, including interest at 4.45%. The assets acquired through capital leases are included in governmental activities – machinery and equipment at an acquisition value of \$164,006, with \$45,999 of associated accumulated depreciation, resulting in a net book value of \$118,007 at September 30, 2020.

The future minimum lease payments and the net present value as of September 30, 2020, were as follows:

Year Ending September 30,	Amount
2021	\$ 44,504
2022	44,504
2023	11,126
Total minimum lease payments	100,134
Less: amounts representing interest	(4,665)
Present value of minimum lease payments	\$ 95,469

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

B. Notes and Loans Payable

Governmental activities:

The City has entered into several long-term debt obligations where it pledges specific income streams or income derived from the acquired or constructed assets to pay debt service. Notes and loans payable in the City's governmental activities at September 30, 2020, were comprised of the following obligations:

<p>\$5,000,000 Stormwater Revenue Note, Series 2017 was issued March 15, 2017, at an interest rate of 2.24% to fund construction of stormwater management improvements related to the Islesboro subdivision stormwater project. Principal and interest payments of \$280,436 are due semi-annually on November 1 and May 1 of each year until final maturity on March 1, 2027. The note is secured by a lien and pledge of the City's stormwater utility fees.</p>	<p>\$ 3,632,803</p>
<p>Islesboro Subdivision Project Utilities Commission loan payable was established via agreement with the Utilities Commission on February 3, 2017, for an amount up to \$850,000 at an interest rate of 2.18% to finance the cost of replacement of septic tanks through the extension of sanitary sewer gravity mains and services with the Islesboro subdivision. Principal and interest payments of \$62,508 are due annually on January 1 of each year until final maturity on January 1, 2023. The loan is secured by annual revenues the City collects from the Utilities Commission.</p>	<p>179,634</p>
<p>\$10,595,000 General Obligation Refunding Note, Series 2014 was issued at an interest rate of 1.95% on September 16, 2014, to refund the City's outstanding General Obligation Bonds, Series 2005. Principal and interest payments are due on July 1 of each year until final maturity on July 1, 2024. The general obligation note is secured by full faith, credit, and taxing power as pledged by the City.</p>	<p>4,469,000</p>
<p>\$9,500,000 General Obligation Note, Series 2019 was issued August 29, 2019, at an interest rate of 2.45% to finance the costs of the acquisition of lands along the Turnbull Creek Watershed. Principal and interest payments are due annually on July 1 of each year until final maturity on July 1, 2039. The general obligation note is secured by full faith, credit, and taxing power as pledged by the City.</p>	<p>9,183,000</p>
<p>\$6,140,000 Capital Improvement Refunding Revenue Note, Series 2014 was issued September 16, 2014, at an interest rate of 2.74% to refund the City's outstanding Capital Improvement Refunding Revenue Bonds, Series 2005. Interest payments are payable semi-annually on April 1 and October 1. Principal payments are due annually on October 1 of each year until final maturity on October 1, 2029. The note is secured by a lien and pledge of the non-ad valorem tax revenues and any other revenue appropriated by the City.</p>	<p>4,100,000</p>
<p>\$10,000,000 Capital Improvement Revenue and Refunding Note, Series 2018 was issued May 10, 2018, at an interest rate of 3.17% to finance capital projects and to refund the City's outstanding Capital Improvement Revenue Note, Series 2013. Interest payments are payable semi-annually on April 1 and October 1. Principal payments are due annually on October 1 of each year until final maturity on October 1, 2033. The note is secured by a pledge of non-ad valorem and other revenue appropriated by the City.</p>	<p>9,329,000</p>

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

<p>\$2,254,670 State Revolving Fund Loan Agreement executed with the Florida Department of Environmental Protection (FDEP) on June 30, 1999, to provide State Revolving Fund assistance for the construction of stormwater system improvements. The loan proceeds were disbursed on a reimbursement basis with loans made at various interest rates. The original award of \$959,000 was loaned in June 1999 at a fixed interest rate of 3.03%, with the first amendment award of \$1,010,000 loaned in December 2001 at a fixed interest rate of 3.05%, and the final amendment award of \$285,670 loaned in March 2002 at a fixed interest rate of 3.07%. Principal and interest payments of \$76,516 are due semi-annually on May 15 and November 15 of each year until final maturity on November 15, 2020. The loan is secured by a pledge of the City's stormwater utility fees.</p>	\$ 75,368
<p>\$651,331 State Revolving Fund Loan Agreement executed with FDEP on August 12, 2002, at an interest rate of 3.09% to provide State Revolving Fund assistance for the construction of additional stormwater system improvements. Principal and interest payments of \$20,204 are due semi-annually on February 15 and August 15 of each year until final maturity on February 15, 2023. The loan is secured by a pledge of the City's stormwater utility fees.</p>	96,501
<p>\$519,326 State Revolving Fund Loan Agreement executed with FDEP on December 31, 2003, at an interest rate of 2.96% to provide State Revolving Fund assistance for the construction of additional stormwater system improvements. Principal and interest payments of \$16,655 are due semi-annually on May 15 and November 15 of each year until final maturity on May 15, 2024. The loan is secured by a pledge of the City's stormwater utility fees.</p>	124,787
<p>\$457,257 State Revolving Fund Loan Agreement executed with FDEP on September 19, 2006, at an interest rate of 2.47% to finance costs related to the Central Beach Phase 2 Flood Mitigation Improvements Project. Principal and interest payments of \$10,000 are due semi-annually on January 15 and July 15 of each year until final maturity on July 15, 2028. The loan is secured by a pledge of the City's stormwater utility fees.</p>	144,556
Total governmental activities	31,334,649
Less: current maturities	(2,945,294)
Total governmental activities long-term debt	<u>\$ 28,389,355</u>

Business-type activities:

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

C. Changes in Long-Term Debt and Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes and loans payable:					
Capital improvement notes	\$ 14,188,000	\$ -	\$ (759,000)	\$ 13,429,000	\$ 778,000
Stormwater notes	4,341,403	-	(528,966)	3,812,437	540,840
General obligation notes	15,033,000	-	(1,381,000)	13,652,000	1,467,000
State Revolving Fund loans	670,254	-	(229,042)	441,212	159,454
Total notes and loans payable	<u>34,232,657</u>	<u>-</u>	<u>(2,898,008)</u>	<u>31,334,649</u>	<u>2,945,294</u>
Capital lease obligations	1,560,855	-	(232,883)	1,327,972	238,005
Compensated absences	<u>1,612,538</u>	<u>1,487,940</u>	<u>(1,264,513)</u>	<u>1,835,965</u>	<u>262,965</u>
Governmental activities – Total long-term liabilities	<u>\$ 37,406,050</u>	<u>\$ 1,487,940</u>	<u>\$ (4,395,404)</u>	<u>\$ 34,498,586</u>	<u>\$ 3,446,264</u>
Business-type activities:					
Compensated absences	<u>\$ 2,841</u>	<u>\$ 5,053</u>	<u>\$ (2,050)</u>	<u>\$ 5,843</u>	<u>\$ 2,469</u>
Business-type activities – Total long-term liabilities	<u>\$ 2,841</u>	<u>\$ 5,053</u>	<u>\$ (2,050)</u>	<u>\$ 5,843</u>	<u>\$ 2,469</u>
Utilities Commission:					
Utilities revenue certificates	\$ 22,745,000	\$ 80,689,250	\$ (23,054,834)	\$ 80,379,416	\$ 1,055,000
Component unit – Total bonds payable	<u>\$ 22,745,000</u>	<u>\$ 80,689,250</u>	<u>\$ (23,054,834)</u>	<u>\$ 80,379,416</u>	<u>\$ 1,055,000</u>

Internal service funds predominately serve the governmental funds. Accordingly, \$17,446 of internal service fund compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

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

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

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,945,294	\$ 801,962	\$ 3,747,256
2022	2,947,541	737,278	3,684,819
2023	2,998,296	671,956	3,670,252
2024	2,987,957	600,754	3,588,711
2025	1,851,431	529,875	2,381,306
2026-2030	8,285,130	1,911,061	10,196,191
2031-2035	7,020,000	761,406	7,781,406
2036-2039	2,299,000	142,515	2,441,515
Total	<u>\$ 31,334,649</u>	<u>\$ 6,156,807</u>	<u>\$ 37,491,456</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(11) Tax Abatements:

The City has adopted a tax abatement program in accordance with Florida Statute 196.1995. The abatement program was approved by the City Commission via Ordinance No. 73-14 and approved by the voters during a November 2014 referendum. The program allows a qualifying business to apply for tax reductions of up to 100% of the City's assessed millage for up to ten years for meeting certain requirements. Each tax abatement application is considered on a case-by-case basis by the City Commission. The City entered into an abatement agreement with a company effective March 31, 2018. For the year ended September 30, 2020, the City had zero abated for property taxes.

(12) Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which are, in the opinion of management, satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City has identified specific locations which may require site remediation due to various soil and groundwater pollutants. An assessment has been performed at two locations on the City's airport property as well as at the City garage. As of September 30, 2020, no costs of cleanup have been determined with regards to the airport sites, rather the possible contaminated portions of the property have been roped off so as not to be disturbed. The garage property is undergoing additional assessments to determine the extent of the pollution. If it is determined the City is liable for clean-up, the maximum exposure to the City will be the pollution remediation insurance deductible of \$25,000. All estimates of liability are subject to change over time due to changes in the costs of goods and services, changes in remediation technology, or changes in laws and regulations governing remediation efforts.

(13) Deferred Employee Benefits:

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

(14) Other Postemployment Benefits (OPEB):

Plan Description—City of New Smyrna Beach, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service either under disability or after attaining age 62 or at least 30 years of service for general employees, or after attaining age 55 or at least 25 years of service for sworn employees. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(14) Other Postemployment Benefits (OPEB): (Continued)

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

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

Plan Membership—At October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	249
Inactive Employees	63
	312
	312

Total OPEB Liability—The City’s total OPEB liability of \$2,598,129 was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Discount rate		2.26%
Salary increases		3.00%
Healthcare cost trend rate	7.00% graded down by 0.25% per year to 4.50% in FY2026	
Retirees’ share of benefit-related costs		100.00%

Discount rate: The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices as of September 30, 2020.

Mortality rates: Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Actuarial Cost Method: Entry Age Normal as a Level Percentage of Payroll.

Implicit subsidy: This reflects the difference between the premium rate or cost charged to a retiree for a particular benefit as compared to the estimated rate of cost to the retiree, if those benefits were calculated reflecting retirees as a separate group (rather than their costs bundled with the active population). The results in this valuation reflect an implicit subsidy in the cost projections. This valuation solely reflected an implicit subsidy, since no explicit subsidy was provided for health benefits.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(14) Other Postemployment Benefits (OPEB): (Continued)

Retirement eligibility: Eligibility for early retirement is based on meeting a criterion of minimum age and/or years of service (YOS) requirements based on class of employees. Eligibility was provided for normal and early retirement. For conservatism, the actuary assumed eligibility at early retirement. Criteria for normal and early retirement are summarized as follows. For general employees, retirement is assumed to occur at age 62 with 10 years of service or at any age with 30 years of service; for firefighters, retirement is assumed to occur at age 55 with 10 years of service or at any age with 25 years of service; for police officers, retirement is assumed to occur at age 55 with 10 years of service, or at any age with 20 years of service.

Disability Assumptions: This reflects disability assumptions from the active plan and is based on age. This is the assumption used for the FRS. This reflects rate of retirement from the active plan and is based on age and gender. This is the assumption used for the FRS.

Retirement Assumptions: This reflects rate of retirement from the active plan and is based on age and gender. This is the assumption used for the FRS.

Spouses and dependents: Spouses are valued for benefits similar to retired employees. Employees with spouses are assumed to be married to those spouses at and throughout retirement. Employees that are without spouses (or not covering a spouse) are assumed to be single at and throughout retirement. Based on the contribution rates for future retirees, it is assumed that actives with dependent coverage will elect dependent coverage in retirement 80% of the time. This assumption is based on judgement and review of the reported census information. It is assumed that female spouses are three years younger than male employees and male spouses are three years older than female employees unless actual spouse date of birth information was provided. Spousal dates of birth were not provided in the census, so this assumption since individuals with family coverage had no spouse date of birth information.

For the fiscal year ended September 30, 2020, changes in the total OPEB liability were as follows:

Balance at September 30, 2019	\$ 2,309,472
Changes for a year:	
Service cost	27,492
Interest	50,282
Changes of assumptions	380,089
Benefit payments – implicit rate subsidy	(169,206)
Net changes	288,657
Balance at September 30, 2020	\$ 2,598,129

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

The following presents the total OPEB liability of the City calculated using the discount rate of 2.26%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.26%) or 1% higher (3.26%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 3,030,452	\$ 2,598,129	\$ 2,265,031

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(14) **Other Postemployment Benefits (OPEB):** (Continued)

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

The following presents the total OPEB liability of the City calculated using healthcare cost trend rate of 7.0% graded down to 4.50%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates (7.00%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,265,644	\$ 2,598,129	\$ 3,014,665

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

For the year ended September 30, 2020; the City recognized OPEB expense of \$5,409. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Demographic changes	\$ -	\$ 176,468
Changes of assumptions	335,582	446,460
Total	<u>\$ 335,582</u>	<u>\$ 622,928</u>

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

<u>Year ended September 30,</u>		
2021	\$	(72,365)
2022		(72,365)
2023		(72,365)
2024		(72,365)
2025		(72,365)
Thereafter		74,479

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(15) Employee Retirement Systems and Pension Funds:

A. Florida Retirement System

Plan Description and Administration

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

Financial Statements

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

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

Contributions

The entity participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2020	After June 30, 2020
Regular Class	8.47%	10.00%
Senior Management	25.41%	27.29%
Special Risk	25.48%	24.45%

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

For the plan year ended June 30, 2020, actual contributions made for employees participating in FRS and HIS were as follows:

Entity Contributions – FRS	\$	100,531
Entity Contributions – HIS		10,610
Employee Contributions – FRS		19,174

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

At September 30, 2020, the entity reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 1,311,383
HIS	224,798
Total	\$ 1,536,181

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2020 and June 30, 2019, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2020	2019
FRS	0.003025701%	0.003192409%
HIS	0.001841124%	0.001800389%

For the year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plans as follows:

Plan	Pension Expense
FRS	\$ 245,344
HIS	(1,738)
Total	\$ 243,606

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Deferred outflows/inflows related to pensions:

At September 30, 2020, the entity 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	\$ 50,189	\$ -	\$ 9,196	\$ (173)
Changes of assumptions	237,402	-	24,172	(13,071)
Net difference between projected and actual investment earnings	78,081	-	179	-
Change in proportionate share	1,968	(118,103)	4,122	(58,492)
Contributions subsequent to measurement date	23,394	-	2,381	-
	<u>\$ 391,034</u>	<u>\$ (118,103)</u>	<u>\$ 40,050</u>	<u>\$ (71,736)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2021	\$ 27,569	\$ (13,470)	\$ 14,099
2022	85,936	(14,884)	71,052
2023	83,912	(8,067)	75,845
2024	46,974	(1,862)	45,112
2025	5,146	947	6,093
Thereafter	-	3,269	3,269
Total	<u>\$ 249,537</u>	<u>\$ (34,067)</u>	<u>\$ 215,470</u>

Actuarial assumptions:

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(15) Employee Retirement Systems and Pension Funds: (Continued)

Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 2,094,059	\$ 1,311,383	\$ 657,689
HIS	2.21%	259,857	224,798	196,103

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

B. General Employees – Defined Contribution Plan

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

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

Employer contributions to the defined contribution plan for the years ended September 30, 2020, 2019, and 2018, were \$608,629, \$590,163, and \$518,836, respectively. Employee contributions to the defined contribution plan for the years ended September 30, 2020, 2019, and 2018, were \$29,643, \$31,132, and \$17,861, respectively.

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

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

Plan Description and Administration

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

(15) Employee Retirement Systems and Pension Funds: (Continued)

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

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

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

Benefits Provided and Employees Covered

Each Plan provides retirement, termination, disability, and death benefits to plan participants and beneficiaries. Current membership in the employee retirement plans was composed of the following at October 1, 2019:

	Police Plan	Fire Plan
Inactive plan members or beneficiaries currently receiving benefits	58	50
Inactive plan members entitled to but not yet receiving benefits	21	3
Active plan members	45	43
Total plan membership	124	96

Financial Statements

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

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

Contributions

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

Police Officers' Pension Plan

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

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

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

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

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

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

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Firefighters' Pension Plan

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

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

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

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

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

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

Investment Policy

See Note (4) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2020:

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

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Rate of return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2020, the annual money-weighted rate of return on the Police and Fire Pension Plan investments, net of pension plan investment expense, was 9.21%, and 8.92%, respectively.

Net Pension Liability

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

	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Eligibility	Eligibility for Normal Retirement. Members hired on or after January 23, 2013, are not eligible.	Satisfaction of Normal Retirement requirements and hired prior to July 1, 2012.
Participation	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Interest is credited after each month at a fixed rate of 6.5% for members who entered prior to October 1, 2012. Other members receive the actual plan earnings, subject to a maximum of 6.5% and a minimum of 0.0% per year.	At participant's election (prior to October 1, 2012): a) 6.5% interest or b) actual net rate of investment return credited each fiscal quarter. May change election once during the DROP period. For those members that entered DROP on or after October 1, 2012, actual rate of investment return up to a maximum of 6.5% per annum and a minimum of 0.0% per annum credited quarterly.
DROP Balance as of September 30, 2020	\$ 109,392	\$ 480,665

The components of the net pension liability of the pension plans at September 30, 2020, were as follows:

	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Total</u>
Total pension liability	\$ 23,261,938	\$ 30,185,028	\$ 53,446,966
Plan fiduciary net position	(18,928,432)	(25,584,835)	(44,513,267)
Net pension liability	<u>\$ 4,333,506</u>	<u>\$ 4,600,193</u>	<u>\$ 8,933,699</u>
Plan fiduciary net position as percentage of total pension liability	81.37%	84.76%	83.28%

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The total pension liability was determined by an actuarial valuation as of October 1, 2020, and measurement date of September 30, 2020, using the following actuarial assumptions to all measurement periods.

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

Mortality rate:

Healthy Active Lives:

Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees.

Male: PubG.H-2010 for Healthy Retirees, set back one year.

All rates are projected generationally with Mortality Improvement Scale MP-2018. 75% of active deaths are assumed to be service-incurred.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	Police Plan	Fire Plan
Domestic equity	8.5%	5.61%
International equity	4.1%	4.60%
Bonds/fixed income	3.7%	1.52%
Private investment fund	n/a	2.52%
Real estate	5.0%	5.18%
Cash	0.5%	n/a

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Discount rate:

The discount rate used to measure the total pension liability for the Police and Fire Plan investments was 7.75% and 7.8%, respectively. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability:

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

	Police Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 22,365,227	\$ 18,059,201	\$ 4,306,026
Changes for year:			
Service cost	442,060	-	442,060
Share plan allocation	144,371	-	144,371
Interest	1,672,869	-	1,672,869
Differences between expected/actual experience	513,348	-	513,348
Changes of assumptions	(200,434)	-	(200,434)
Changes of benefit terms	(2,341)	-	(2,341)
Contributions – employer	-	436,035	(436,035)
Contributions – state	-	266,833	(266,833)
Contributions – employee	-	268,671	(268,671)
Net investment income	-	1,619,063	(1,619,063)
Benefit payments, including refunds	(1,673,162)	(1,673,162)	-
Administrative expenses	-	(48,209)	48,209
Net changes	896,711	869,231	27,480
Ending Balance	\$ 23,261,938	\$ 18,928,432	\$ 4,333,506

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

	Fire Plan		
	Total Pension	Plan	Net Pension
	Liability	Fiduciary Net	Liability
	(a)	Position (b)	(a – b)
Beginning Balance	\$ 28,925,411	\$ 23,882,241	\$ 5,043,170
Changes for year:			
Service cost	366,299	-	366,299
Interest	2,220,502	-	2,220,502
Share plan allocation	40,941	-	40,941
Differences between expected/actual experience	479,912	-	479,912
Changes of assumptions	(200,574)	-	(200,574)
Contributions – employer	-	714,681	(714,681)
Contributions – state	-	319,219	(319,219)
Contributions – employee	-	279,875	(279,875)
Net investment income	-	2,086,502	(2,086,502)
Benefit payments, including refunds	(1,647,463)	(1,647,463)	-
Administrative expenses	-	(50,220)	50,220
Net changes	<u>1,259,617</u>	<u>1,702,594</u>	<u>(442,977)</u>
Ending Balance	<u>\$ 30,185,028</u>	<u>\$ 25,584,835</u>	<u>\$ 4,600,193</u>

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

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

Plan	Current	NPL with	NPL at	NPL with
	Discount Rate	1% Decrease	Current	1% Increase
			Discount Rate	
Police	7.75%	\$ 6,994,496	\$ 4,333,506	\$ 2,112,823
Fire	7.80%	<u>7,994,489</u>	<u>4,600,195</u>	<u>1,759,789</u>
Total		<u>\$ 14,988,985</u>	<u>\$ 8,933,701</u>	<u>\$ 3,872,612</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,020,585 and \$985,027 in the Police and Fire pension plans, respectively, for a total of \$2,005,612.

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

	Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 495,450	\$ (17,722)	\$ 504,754	\$ -
Changes of assumptions	79,377	(150,327)	-	(133,716)
Net difference between projected and actual investment earnings	173,854	-	409,483	-
	\$ 748,681	\$ (168,049)	\$ 914,237	\$ (133,716)

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

	Police Plan	Fire Plan
2021	\$ 318,987	\$ 356,353
2022	177,322	270,558
2023	134,029	201,342
2024	(49,706)	(47,732)
2025	-	-
Thereafter	-	-

C. Pension Fund Financial Statements

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

For the year ended September 30, 2020, pension expense was recognized as follows:

Plan	Pension Expense
FRS	\$ 245,344
HIS	(1,738)
Police	1,020,585
Fire	985,027
Total	\$ 2,249,218

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2020:

COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS

	Police Pension	Fire Pension	Total
ASSETS			
Cash and cash equivalents with trustee	\$ 366,255	\$ 709,105	\$ 1,075,360
Prepaid benefit payments	-	136,196	136,196
Receivables:			
State premium taxes	-	319,219	319,219
Other receivables	-	348,065	348,065
Interest and dividends receivable	-	48,469	48,469
Total receivables	-	715,753	715,753
Investments, at fair value:			
Common stock	-	15,117,272	15,117,272
Government agency obligations	-	2,443,957	2,443,957
Corporate equity securities	-	2,860,150	2,860,150
Mutual funds	13,301,469	2,001,147	15,302,616
Real estate funds	2,449,644	1,606,061	4,055,705
Annuity contracts	2,834,453	-	2,834,453
Total investments	18,585,566	24,028,587	42,614,153
Total assets	18,951,821	25,589,641	44,541,462
LIABILITIES			
Accounts payable	23,389	4,806	28,195
NET POSITION			
Restricted for pensions	\$ 18,928,432	\$ 25,584,835	\$ 44,513,267

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>
Additions			
Contributions:			
Employer	\$ 436,035	\$ 714,681	\$ 1,150,716
Plan members	268,671	279,875	548,546
State - insurance premium taxes	266,833	319,219	586,052
Total contributions	<u>971,539</u>	<u>1,313,775</u>	<u>2,285,314</u>
Investment earnings			
Net appreciation (depreciation) in fair value of investments	1,254,987	1,834,382	3,089,369
Interest and dividends	395,544	423,260	818,804
Total investment earnings	<u>1,650,531</u>	<u>2,257,642</u>	<u>3,908,173</u>
Less: investment expense	<u>(31,468)</u>	<u>(171,140)</u>	<u>(202,608)</u>
Net investment income (loss)	1,619,063	2,086,502	3,705,565
Total additions	<u>2,590,602</u>	<u>3,400,277</u>	<u>5,990,879</u>
Deductions			
Benefit payments and refunds	1,673,162	1,647,463	3,320,625
Administrative expenses	48,209	50,220	98,429
Total deductions	<u>1,721,371</u>	<u>1,697,683</u>	<u>3,419,054</u>
Change in net position	<u>869,231</u>	<u>1,702,594</u>	<u>2,571,825</u>
Net position restricted for pensions, beginning of year	18,059,201	23,882,241	41,941,442
Net position restricted for pensions, end of year	<u>\$ 18,928,432</u>	<u>\$ 25,584,835</u>	<u>\$ 44,513,267</u>

(16) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2020, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

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

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(16) Recent Accounting Pronouncements: (Continued)

GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2019.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. 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.

(17) Risks and Uncertainties – COVID-19:

Subsequent to September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Company as of April 23, 2021, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

(18) Restatement of Net Position:

During the year ended September 30, 2020, the City implemented a change in accounting principle which affected the presentation of funds in the financial statements. In previous years, the Municipal Golf Course fund was presented as a separate proprietary fund. In the current year, the City is presenting the golf course as a part of the general fund in the financial statements. The City also had a \$575,760 adjustment to the governmental activities fund balance related to an amount recorded in construction in progress in the prior year that should have been expensed in the prior year.

The implementation of this change resulted in a reduction of beginning unrestricted net position in the proprietary funds/business type activities and an increase in the government-wide statements of net position by the same amount. The cumulative effect on beginning net position in the affected reporting units related to these adjustments is as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Municipal Golf Course Fund</u>	<u>Business-type Activities</u>
Net position at 9/30/2019	\$ 127,374,223	\$ 10,292,526	\$ (747,041)	\$ 1,168,616
Change related to:				
Golf Course Fund	(747,041)	(947,769)	747,041	747,041
CIP adjustment	(575,760)	-	-	-
Restated net position at 9/30/2019	<u>\$ 126,051,423</u>	<u>\$ 9,344,757</u>	<u>\$ -</u>	<u>\$ 1,915,657</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ended September 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 27,492	\$ 86,745	\$ 123,075
Interest	50,282	111,471	111,004
Difference between expected and actual experience	-	(242,684)	-
Changes of assumptions	380,089	(613,988)	-
Benefit payments - implicit rate subsidy	(169,206)	(117,052)	(149,844)
Net change in total OPEB liability	<u>288,657</u>	<u>(775,508)</u>	<u>84,235</u>
Total OPEB liability - beginning of year	<u>2,309,472</u>	<u>3,084,980</u>	<u>3,000,745</u>
Total OPEB liability - end of year	<u>\$ 2,598,129</u>	<u>\$ 2,309,472</u>	<u>\$ 3,084,980</u>

Notes to Schedule:

Valuation date:	10/1/2019	10/1/2018	10/1/2017
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Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.26%
2019	3.58%
2018	3.64%
2017	3.35%

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

CITY OF NEW SMYRNA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2020
(UNAUDITED)

Fiscal Year Ended September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 442,060	\$ 392,733	\$ 411,234	\$ 386,508	\$ 334,447	\$ 320,867	\$ 307,413
Interest	1,672,869	1,637,490	1,610,755	1,590,095	1,558,438	1,570,033	1,556,015
Share plan allocation	144,371	139,003	118,915	85,276	70,816	54,834	51,740
Change in funding standard account	-	-	-	-	-	-	(229,824)
Difference between actual and expected experience	513,348	(35,443)	441,756	95,140	(143,908)	(583,632)	-
Changes of assumptions	(200,434)	-	317,507	-	385,882	-	-
Changes of benefit terms	(2,341)	-	-	-	-	-	-
Contributions - buy back	-	-	-	10,011	-	-	-
Benefit payments, including refunds of contributions	(1,673,162)	(1,650,024)	(1,984,538)	(1,882,484)	(1,340,827)	(1,700,396)	(1,346,754)
Net change in total pension liability	896,711	483,759	915,629	284,546	864,848	(338,294)	338,590
Total pension liability - beginning	22,365,227	21,881,468	20,965,839	20,681,293	19,816,445	20,154,739	19,816,149
Total pension liability - ending (a)	\$ 23,261,938	\$ 22,365,227	\$ 21,881,468	\$ 20,965,839	\$ 20,681,293	\$ 19,816,445	\$ 20,154,739
Total Fiduciary Net Position							
Contributions - employer	\$ 436,035	\$ 761,530	\$ 649,833	\$ 420,771	\$ 580,632	\$ 557,661	\$ 470,733
Contributions - state	266,833	261,466	241,378	207,739	193,279	177,297	174,203
Contributions - employee	268,671	251,882	226,774	220,334	198,424	184,836	137,166
Contributions - buy back	-	-	-	10,011	-	-	-
Net investment income	1,619,063	824,708	1,100,357	1,556,057	1,217,573	337,826	1,640,698
Benefit payments, including refunds of contributions	(1,673,162)	(1,650,024)	(1,984,538)	(1,882,484)	(1,340,827)	(1,700,396)	(1,346,754)
Administrative expense	(48,209)	(52,505)	(38,075)	(38,227)	(42,439)	(37,482)	(29,248)
Net change in plan fiduciary net position	869,231	397,057	195,729	494,201	806,642	(480,258)	1,046,798
Plan fiduciary net position - beginning	18,059,201	17,662,144	17,466,415	16,972,214	16,165,572	16,645,830	15,599,032
Plan fiduciary net position - ending (b)	\$ 18,928,432	\$ 18,059,201	\$ 17,662,144	\$ 17,466,415	\$ 16,972,214	\$ 16,165,572	\$ 16,645,830
Net pension liability - ending (a) - (b)	\$ 4,333,506	\$ 4,306,026	\$ 4,219,324	\$ 3,499,424	\$ 3,709,079	\$ 3,650,873	\$ 3,508,909
Plan fiduciary net position as a percentage of the total pension liability	81.37%	80.75%	80.72%	83.31%	82.07%	81.58%	82.59%
Covered payroll	\$ 2,686,705	\$ 2,518,818	\$ 2,267,739	\$ 2,203,342	\$ 1,984,243	\$ 2,206,819	\$ 1,658,351
Net pension liability as a percentage of covered payroll	161.29%	170.95%	186.06%	158.82%	186.93%	165.44%	211.59%
Annual Money-Weighted Rate of Return	9.21%	4.81%	6.63%	9.43%	7.73%	2.11%	10.88%

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

CITY OF NEW SMYRNA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2020
(UNAUDITED)

Fiscal Year Ended September 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service cost	\$ 366,299	\$ 290,009	\$ 254,240	\$ 269,679	\$ 230,789	\$ 213,595	\$ 203,023
Interest	2,220,502	2,117,944	2,072,778	2,027,851	1,913,573	1,933,796	1,944,483
Share plan allocation	40,941	32,041	-	-	-	-	-
Changes of benefit terms	-	249,625	-	-	-	-	-
Difference between actual and expected experience	479,912	554,436	(214,976)	76,802	332,637	3,756	-
Changes of assumptions	(200,574)	-	285,346	-	772,171	-	-
Benefit payments, including refunds of contributions	(1,647,463)	(1,871,467)	(1,656,042)	(1,924,346)	(1,758,674)	(3,089,977)	(1,496,734)
Net change in total pension liability	1,259,617	1,372,588	741,346	449,986	1,490,496	(938,830)	650,772
Total pension liability - beginning	28,925,411	27,552,823	26,811,477	26,361,491	24,870,995	25,809,825	25,159,053
Total pension liability - ending (a)	<u>\$ 30,185,028</u>	<u>\$ 28,925,411</u>	<u>\$ 27,552,823</u>	<u>\$ 26,811,477</u>	<u>\$ 26,361,491</u>	<u>\$ 24,870,995</u>	<u>\$ 25,809,825</u>
Total Fiduciary Net Position							
Contributions - employer	\$ 714,681	\$ 1,524,584	\$ 1,275,075	\$ 1,298,978	\$ 1,406,792	\$ 1,361,079	\$ 1,014,458
Contributions - state	319,219	301,157	277,107	288,780	276,578	277,167	295,516
Contributions - employee	279,875	256,832	227,693	217,961	208,955	189,832	131,769
Net investment income	2,086,502	566,506	1,801,890	2,020,439	1,160,830	178,352	1,341,294
Benefit payments, including refunds of contributions	(1,647,463)	(1,871,467)	(1,656,042)	(1,924,346)	(1,758,674)	(3,089,977)	(1,496,734)
Administrative expense	(50,220)	(38,059)	(34,738)	(35,437)	(31,293)	(28,126)	(25,835)
Net change in plan fiduciary net position	1,702,594	739,553	1,890,985	1,866,375	1,263,188	(1,111,673)	1,260,468
Plan fiduciary net position - beginning	23,882,241	23,142,688	21,251,703	19,385,328	18,122,140	19,233,813	17,973,345
Plan fiduciary net position - ending (b)	<u>\$ 25,584,835</u>	<u>\$ 23,882,241</u>	<u>\$ 23,142,688</u>	<u>\$ 21,251,703</u>	<u>\$ 19,385,328</u>	<u>\$ 18,122,140</u>	<u>\$ 19,233,813</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,600,193</u>	<u>\$ 5,043,170</u>	<u>\$ 4,410,135</u>	<u>\$ 5,559,774</u>	<u>\$ 6,976,163</u>	<u>\$ 6,748,855</u>	<u>\$ 6,576,012</u>
Plan fiduciary net position as a percentage of the total pension liability	84.76%	82.56%	83.99%	79.26%	73.54%	72.86%	74.52%
Covered payroll	\$ 2,798,752	\$ 2,584,583	\$ 2,276,928	\$ 2,179,782	\$ 2,073,116	\$ 2,513,046	\$ 1,727,904
Net pension liability as a percentage of covered payroll	164.37%	195.13%	193.69%	255.06%	336.51%	268.55%	380.58%
Annual Money-Weighted Rate of Return	8.92%	2.53%	8.71%	10.82%	6.62%	0.99%	7.64%

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION PLAN
SEPTEMBER 30, 2020
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2020	\$ 683,549	\$ 683,549	-	2,686,705	25.44%
2019	808,540	808,540	-	2,518,818	32.10%
2018	730,212	730,212	-	2,267,739	32.20%
2017	680,833	680,833	-	2,203,342	30.90%
2016	748,060	748,060	-	1,984,243	37.70%
2015	750,435	750,435	-	2,206,819	34.01%
2014	823,020	823,020	-	1,658,351	49.63%

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION PLAN
SEPTEMBER 30, 2020
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2020	\$ 982,362	\$ 992,959	(10,597)	2,798,752	35.48%
2019	1,793,700	1,825,741	(32,041)	2,584,583	70.64%
2018	1,557,418	1,552,182	5,236	2,276,928	68.17%
2017	1,582,522	1,587,758	(5,236)	2,179,782	72.84%
2016	1,683,370	1,683,370	-	2,073,116	81.20%
2015	1,638,246	1,638,246	-	2,513,046	65.19%
2014	1,309,974	1,309,974	-	1,727,904	75.81%

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

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

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Proportion of the net pension liability	0.003025701%	0.003192409%	0.003346022%	0.003402399%	0.003633797%	0.005021702%	0.004756798%
Proportionate share of the net pension liability	\$ 1,311,383	\$ 1,099,421	\$ 1,007,839	\$ 1,006,407	\$ 917,537	\$ 648,620	\$ 290,235
Covered payroll	639,129	602,252	651,281	675,513	716,912	906,883	994,059
Proportionate share of the net pension liability as a percentage of covered payroll	205.18%	182.55%	154.75%	148.98%	127.98%	71.52%	29.20%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)							
Proportion of the net pension liability	0.001841124%	0.001800389%	0.002003954%	0.002119277%	0.002322375%	0.003272000%	0.003246958%
Proportionate share of the net pension liability	\$ 224,798	\$ 201,445	\$ 212,101	\$ 226,504	\$ 270,664	\$ 333,693	\$ 303,598
Covered payroll	639,129	602,252	651,281	675,513	716,912	906,883	994,059
Proportionate share of the net pension liability as a percentage of covered payroll	35.17%	33.45%	32.57%	33.53%	37.75%	36.80%	30.54%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

See accompanying notes to required supplementary information

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

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Contractually required contribution	\$ 100,531	\$ 98,988	\$ 95,359	\$ 87,304	\$ 87,454	\$ 113,890	\$ 104,194
Contributions in relation to the contractually required contributor	100,531	98,988	95,359	87,304	87,454	113,890	104,194
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 639,129	\$ 602,252	\$ 651,281	\$ 675,513	\$ 716,912	\$ 906,883	\$ 994,059
Contributions as a percentage of covered payroll	15.73%	16.44%	14.64%	12.92%	12.20%	12.56%	10.48%
Health Insurance Subsidy Program (HIS)							
Contractually required contribution	\$ 10,610	\$ 9,997	\$ 10,867	\$ 10,784	\$ 11,577	\$ 12,459	\$ 11,123
Contributions in relation to the contractually required contributor	10,610	9,997	10,867	10,784	11,577	12,459	11,123
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 639,129	\$ 602,252	\$ 651,281	\$ 675,513	\$ 716,912	\$ 906,883	\$ 994,059
Contributions as a percentage of covered payroll	1.66%	1.66%	1.67%	1.60%	1.61%	1.37%	1.12%

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

See accompanying notes to required supplementary information.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS
SEPTEMBER 30, 2020

	<u>Police Officers' Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Valuation Date:	10/1/2018	10/1/2018
<i>Methods and assumptions used to determine contribution rates:</i>		
Funding Method:	Entry Age Normal Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method:	New UAAL amortization amounts are established according to the following amortization periods: Experience: 15 years Assumption/Method Changes: 15 years Benefit Changes: 15 years	New UAAL amortization amounts are established according to the following amortization periods: Experience: 20 years Assumption/Method Changes: 20 years Benefit Changes: 30 years
Actuarial Asset Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	2.70% per year	2.30% per year
Interest Rate:	7.75% per year compounded annually, net of investment-related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.	7.80% per year compounded annually, net of investment-related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Salary Increases:	Service based. For 0-1 years of service, the rate is 10.00%. For 2-4 years of service, the rate is 5.50%. For 5+ years of service, the rate is 4.75%. A percentage is also added for Lump Sums (5.00% if hired before 10/1/2002, 2.00% if hired 10/1/2002-9/30/2012, 0.00% if hired on or after 10/1/2012). This assumption is based on results of an experience study dated November 8, 2018.	5.75% per year. This assumption was adopted based on a February 10, 2011 experiences study. The final salary is increased based on the frozen hours (up to 500) as of October 1, 2012 for each Member. For purposes of the valuation, current and projected salaries include a percentage load for overtime based on the actual overtime hours worked during fiscal 2018, up to the 300 hour per fiscal year cap.
Payroll Growth:	None	0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability.
Retirement Age:	Actives: Upon reaching Normal Retirement age, as defined in the Summary of Current Plan, members are assumed to elected to retire at a rate of 25% in the first three years of eligibility and 100% thereafter. This assumption is based on results of an experience study dated November 8, 2018. Vested Terminated: deferred to their otherwise Normal Retirement age.	Earlier of 1) age 56 and 10 years of Credited Service, or 2) 26 years of Credited Service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. This assumption was adopted based on a February 10, 2011 experience study.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS
SEPTEMBER 30, 2020

	Police Officers' Pension Plan	Firefighters' Pension Plan
Early Retirement:	Commencing at eligibility for Early Retirement, members are assumed to retire with an immediate benefit at the rate of 2.0% per year. This assumption is based on results of an experience study dated November 8, 2018.	Commencing with eligibility for Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 2.00% per year. This assumption is reasonable based on the plan provisions.
Disability Rates:	1987 Commissioner's Group Disability Table; six month elimination period; rates have been multiplied by 2 for occupational disability. This assumption was confirmed as part of an experience study dated November 8, 2018. It is assumed that 75% of disablements will be in line-of-duty and 25% will not be in line-of-duty.	The following are sample rates of disability: Age 20 is a 0.07% rate, age 30 is a 0.11% rate, age 40 is a 0.19% rate, age 50 is a 0.51% rate. Additionally, 90% of disablements are assumed to be service related. The assumed rates of disablement were developed from those used by other plans containing Florida municipal Firefighters.
Termination Rates:	Service based. For 0-4 years of service, the rate is 12.0%. For 5-9 years of service, the rate is 6.0%. For 10+ years of service, the rate is 4.0%.	The following are sample rates of termination: Age 20 is a 17.2% rate, age 30 is a 15.0% rate, age 40 is a 8.2% rate, age 50 is a 1.7% rate. This assumption reflects the long-term expectation for future termination rates.
Mortality Rate:	<p><i>Healthy Active Lives</i> - Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.</p> <p><i>Healthy Retiree Lives</i> - Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 for Healthy Retirees, set forward one year.</p> <p><i>Beneficiary Lives</i> - Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 for Healthy Retirees, set back one year.</p> <p><i>Disabled Lives</i> - 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p> <p>All rates are projected generationally with Mortality Improvement Scale MP-2018. The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.</p> <p>75% of active deaths are assumed to be service-incurred.</p>	

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 19,254,041	\$ 19,224,198	\$ 19,117,500	\$ (106,698)
Licenses and fees	4,980,647	4,980,647	4,722,073	(258,574)
Intergovernmental	2,671,848	3,803,713	3,665,649	(138,064)
Charges for services	3,869,264	3,869,264	3,584,560	(284,704)
Fines and forfeitures	161,500	440,086	438,746	(1,340)
Investment income (loss)	50,000	50,000	(43,238)	(93,238)
Miscellaneous	335,875	336,405	425,830	89,425
Total revenues	<u>31,323,175</u>	<u>32,704,313</u>	<u>31,911,120</u>	<u>(793,193)</u>
EXPENDITURES				
Current:				
General government:				
Mayor and Council	298,696	300,696	276,696	24,000
City Manager	1,244,702	1,193,659	1,017,614	176,045
Finance and administration	1,889,783	1,959,154	1,796,606	162,548
Legal	427,464	537,361	418,330	119,031
Planning and community development	1,126,130	1,086,836	962,132	124,704
Nondepartmental	2,375,570	2,319,856	1,573,876	745,980
Total general government	<u>7,362,345</u>	<u>7,397,562</u>	<u>6,045,254</u>	<u>1,352,308</u>
Public safety:				
Law enforcement	6,773,738	6,984,772	6,365,610	619,162
Fire safety	5,562,303	6,084,080	6,454,969	(370,889)
Other	23,320	23,320	17,278	6,042
Total public safety	<u>12,359,361</u>	<u>13,092,172</u>	<u>12,837,857</u>	<u>254,315</u>
Transportation	1,565,876	1,568,013	1,399,902	168,111
Culture and recreation	5,822,319	5,905,348	5,300,346	605,002
Buildings and maintenance	501,551	504,279	454,098	50,181
Capital outlay	1,340,423	1,525,318	967,807	557,511
Debt service:				
Principal	217,050	217,050	232,883	(15,833)
Interest and fiscal charges	-	-	28,664	(28,664)
Total expenditures	<u>29,168,925</u>	<u>30,209,742</u>	<u>27,266,811</u>	<u>2,942,931</u>
Excess (deficiency) of revenues over expenditures	<u>2,154,250</u>	<u>2,494,571</u>	<u>4,644,309</u>	<u>2,149,738</u>
Other financing sources (uses)				
Transfers in	-	14,614	14,614	-
Transfers out	(3,488,642)	(4,161,372)	(4,116,713)	44,659
Proceeds from insurance recovery	-	78,494	78,494	-
Proceeds from sale of capital assets	10,000	10,000	37,835	27,835
Total other financing sources (uses)	<u>(3,478,642)</u>	<u>(4,058,264)</u>	<u>(3,985,770)</u>	<u>72,494</u>
Net change in fund balances	<u>(1,324,392)</u>	<u>(1,563,693)</u>	<u>658,539</u>	<u>2,222,232</u>
Fund balances, beginning of year, as restated	9,344,757	9,344,757	9,344,757	-
Fund balances, end of year	<u>\$ 8,020,365</u>	<u>\$ 7,781,064</u>	<u>\$ 10,003,296</u>	<u>\$ 2,222,232</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 63,823	\$ 63,823	\$ -
Charges for services	2,417,800	2,417,800	2,377,221	(40,579)
Investment income	-	-	40,904	40,904
Total revenues	<u>2,417,800</u>	<u>2,481,623</u>	<u>2,481,948</u>	<u>325</u>
EXPENDITURES				
Current:				
Physical environment	985,226	1,082,338	761,984	320,354
Capital outlay	916,605	1,039,656	723,669	315,987
Total expenditures	<u>1,901,831</u>	<u>2,121,994</u>	<u>1,485,653</u>	<u>636,341</u>
Excess (deficiency) of revenues over expenditures	<u>515,969</u>	<u>359,629</u>	<u>996,295</u>	<u>636,666</u>
Other financing sources (uses)				
Transfers out	<u>(2,375,804)</u>	<u>(2,375,804)</u>	<u>(2,349,927)</u>	<u>25,877</u>
Total other financing sources (uses)	<u>(2,375,804)</u>	<u>(2,375,804)</u>	<u>(2,349,927)</u>	<u>25,877</u>
Net change in fund balances	<u>(1,859,835)</u>	<u>(2,016,175)</u>	<u>(1,353,632)</u>	<u>662,543</u>
Fund balances, beginning of year	3,817,239	3,817,239	3,817,239	-
Fund balances, end of year	<u>\$ 1,957,404</u>	<u>\$ 1,801,064</u>	<u>\$ 2,463,607</u>	<u>\$ 662,543</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUILDING INSPECTIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and fees	\$ 2,850,983	\$ 3,065,727	\$ 2,895,609	\$ (170,118)
Investment income	-	-	82,545	82,545
Total revenues	<u>2,850,983</u>	<u>3,065,727</u>	<u>2,978,154</u>	<u>(87,573)</u>
EXPENDITURES				
Current:				
Public safety				
Code enforcement	2,659,204	2,627,005	1,947,499	679,506
Capital outlay	-	233,063	91,561	141,502
Total expenditures	<u>2,659,204</u>	<u>2,860,068</u>	<u>2,039,060</u>	<u>821,008</u>
Excess (deficiency) of revenues over expenditures	<u>191,779</u>	<u>205,659</u>	<u>939,094</u>	<u>733,435</u>
Other financing sources (uses)				
Transfers out	(1,052,109)	(1,065,989)	(1,065,989)	-
Total other financing sources (uses)	<u>(1,052,109)</u>	<u>(1,065,989)</u>	<u>(1,065,989)</u>	<u>-</u>
Net change in fund balances	<u>(860,330)</u>	<u>(860,330)</u>	<u>(126,895)</u>	<u>733,435</u>
Fund balances, beginning of year	8,697,727	8,697,727	8,697,727	-
Fund balances, end of year	<u><u>\$ 7,837,397</u></u>	<u><u>\$ 7,837,397</u></u>	<u><u>\$ 8,570,832</u></u>	<u><u>\$ 733,435</u></u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY, 2015
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 727,358	\$ 727,358	\$ 721,987	\$ (5,371)
Investment income	-	-	10,906	10,906
Total revenues	<u>727,358</u>	<u>727,358</u>	<u>732,893</u>	<u>5,535</u>
EXPENDITURES				
Current:				
Economic development	730,000	730,000	75,000	655,000
Total expenditures	<u>730,000</u>	<u>730,000</u>	<u>75,000</u>	<u>655,000</u>
Excess (deficiency) of revenues over expenditures	<u>(2,642)</u>	<u>(2,642)</u>	<u>657,893</u>	<u>660,535</u>
Other financing sources (uses)				
Transfers out	(38,357)	(38,357)	(38,357)	-
Total other financing sources (uses)	<u>(38,357)</u>	<u>(38,357)</u>	<u>(38,357)</u>	<u>-</u>
Net change in fund balances	<u>(40,999)</u>	<u>(40,999)</u>	<u>619,536</u>	<u>660,535</u>
Fund balances, beginning of year	596,788	596,788	596,788	-
Fund balances, end of year	<u>\$ 555,789</u>	<u>\$ 555,789</u>	<u>\$ 1,216,324</u>	<u>\$ 660,535</u>

SUPPORTING SCHEDULES

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue Funds				Debt Service	Capital Project Funds					Total Nonmajor Governmental Funds
	Airport Industrial Park	Special Law Enforcement Trust	Beach Parking	Total		Law Enforcement Capital	Fire & Emergency Service Capital	Parks & Recreation Capital	Transportation Capital	Total	
ASSETS											
Equity in pooled cash	\$ 1,038,380	\$ 135,292	\$ 2,973,438	\$ 4,147,110	\$ 1,098,609	\$ 1,712,407	\$ 1,387,851	\$ 192,341	\$ 3,075,393	\$ 6,367,992	\$ 11,613,711
Receivables, net	108,012	-	-	108,012	-	-	-	-	-	-	108,012
Due from other governments	861,624	-	-	861,624	5,787	-	-	-	-	-	867,411
Inventories	19,089	-	-	19,089	-	-	-	-	-	-	19,089
Prepaid items	3,497	-	-	3,497	-	-	-	-	-	-	3,497
Total assets	<u>\$ 2,030,602</u>	<u>\$ 135,292</u>	<u>\$ 2,973,438</u>	<u>\$ 5,139,332</u>	<u>\$ 1,104,396</u>	<u>\$ 1,712,407</u>	<u>\$ 1,387,851</u>	<u>\$ 192,341</u>	<u>\$ 3,075,393</u>	<u>\$ 6,367,992</u>	<u>\$ 12,611,720</u>
LIABILITIES											
Accounts payable and accrued liabilities	\$ 254,355	\$ -	\$ 67,231	\$ 321,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,586
Customer deposits	47,912	-	-	47,912	-	-	-	-	-	-	47,912
Total liabilities	<u>302,267</u>	<u>-</u>	<u>67,231</u>	<u>369,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,498</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - taxes	-	-	-	-	5,357	-	-	-	-	-	5,357
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,357</u>
FUND BALANCES											
Nonspendable:											
Inventories	19,089	-	-	19,089	-	-	-	-	-	-	19,089
Prepaid items	3,497	-	-	3,497	-	-	-	-	-	-	3,497
Restricted for:											
Public safety	-	135,292	-	135,292	-	-	-	-	-	-	135,292
Debt service	-	-	-	-	1,099,039	-	-	-	-	-	1,099,039
Capital projects	-	-	-	-	-	1,712,407	1,387,851	192,341	3,075,393	6,367,992	6,367,992
Committed to:											
Parking	-	-	2,906,207	2,906,207	-	-	-	-	-	-	2,906,207
Assigned to:											
Airport park maintenance & improvements	1,705,749	-	-	1,705,749	-	-	-	-	-	-	1,705,749
Total fund balances	<u>1,728,335</u>	<u>135,292</u>	<u>2,906,207</u>	<u>4,769,834</u>	<u>1,099,039</u>	<u>1,712,407</u>	<u>1,387,851</u>	<u>192,341</u>	<u>3,075,393</u>	<u>6,367,992</u>	<u>12,236,865</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,030,602</u>	<u>\$ 135,292</u>	<u>\$ 2,973,438</u>	<u>\$ 5,139,332</u>	<u>\$ 1,104,396</u>	<u>\$ 1,712,407</u>	<u>\$ 1,387,851</u>	<u>\$ 192,341</u>	<u>\$ 3,075,393</u>	<u>\$ 6,367,992</u>	<u>\$ 12,611,720</u>

**CITY OF NEW SMYRNA BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Special Revenue Funds				Debt Service	Capital Project Funds					Total Nonmajor Governmental Funds
	Airport Industrial Park	Special Law Enforcement Trust	Beach Parking	Total		Law Enforcement Capital	Emergency Service Capital	Parks & Recreation Capital	Transportation Capital	Total	
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,811,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,811,845
Licenses and fees	-	-	-	-	-	308,956	213,853	76,956	674,660	1,274,425	1,274,425
Intergovernmental	1,428,705	-	-	1,428,705	-	-	-	-	-	-	1,428,705
Charges for services	2,285,910	-	1,288,208	3,574,118	-	-	-	-	-	-	3,574,118
Fines and forfeitures	-	34,218	-	34,218	-	-	-	-	-	-	34,218
Investment income	12,194	1,093	23,120	36,407	12,751	15,662	12,024	2,175	29,991	59,852	109,010
Miscellaneous	-	170	35	205	-	-	-	-	-	-	205
Total revenues	<u>3,726,809</u>	<u>35,481</u>	<u>1,311,363</u>	<u>5,073,653</u>	<u>1,824,596</u>	<u>324,618</u>	<u>225,877</u>	<u>79,131</u>	<u>704,651</u>	<u>1,334,277</u>	<u>8,232,526</u>
EXPENDITURES											
Current:											
Public safety	-	8,145	-	8,145	-	111,739	-	-	-	111,739	119,884
Transportation	2,036,705	-	405,743	2,442,448	-	-	-	-	10,249	10,249	2,452,697
Capital outlay	1,868,015	-	97,464	1,965,479	-	136,458	19,863	-	-	156,321	2,121,800
Debt service:											
Principal retirement	-	-	-	-	2,898,008	-	-	-	-	-	2,898,008
Interest and fiscal charges	-	-	-	-	834,955	-	-	-	-	-	834,955
Total expenditures	<u>3,904,720</u>	<u>8,145</u>	<u>503,207</u>	<u>4,416,072</u>	<u>3,732,963</u>	<u>248,197</u>	<u>19,863</u>	<u>-</u>	<u>10,249</u>	<u>278,309</u>	<u>8,427,344</u>
Excess (deficiency) of revenues over expenditures	<u>(177,911)</u>	<u>27,336</u>	<u>808,156</u>	<u>657,581</u>	<u>(1,908,367)</u>	<u>76,421</u>	<u>206,014</u>	<u>79,131</u>	<u>694,402</u>	<u>1,055,968</u>	<u>(194,818)</u>
Other financing sources (uses)											
Transfers in	-	-	-	-	2,028,615	-	-	-	-	-	2,028,615
Transfers out	-	-	(65,000)	(65,000)	-	-	(14,614)	(117,615)	(632,500)	(764,729)	(829,729)
Proceeds from insurance recovery	589	-	-	589	-	-	-	-	-	-	589
Total other financing sources (uses)	<u>589</u>	<u>-</u>	<u>(65,000)</u>	<u>(64,411)</u>	<u>2,028,615</u>	<u>-</u>	<u>(14,614)</u>	<u>(117,615)</u>	<u>(632,500)</u>	<u>(764,729)</u>	<u>1,199,475</u>
Net change in fund balances	<u>(177,322)</u>	<u>27,336</u>	<u>743,156</u>	<u>593,170</u>	<u>120,248</u>	<u>76,421</u>	<u>191,400</u>	<u>(38,484)</u>	<u>61,902</u>	<u>291,239</u>	<u>1,004,657</u>
Fund balances, beginning of year	1,905,657	107,956	2,163,051	4,176,664	978,791	1,635,986	1,196,451	230,825	3,013,491	6,076,753	11,232,208
Fund balances, end of year	<u>\$ 1,728,335</u>	<u>\$ 135,292</u>	<u>\$ 2,906,207</u>	<u>\$ 4,769,834</u>	<u>\$ 1,099,039</u>	<u>\$ 1,712,407</u>	<u>\$ 1,387,851</u>	<u>\$ 192,341</u>	<u>\$ 3,075,393</u>	<u>\$ 6,367,992</u>	<u>\$ 12,236,865</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AIRPORT INDUSTRIAL PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 1,176,800	\$ 1,176,800	\$ 1,428,705	\$ 251,905
Charges for services	2,987,487	2,987,487	2,285,910	(701,577)
Investment income	-	-	12,194	12,194
Total revenues	<u>4,164,287</u>	<u>4,164,287</u>	<u>3,726,809</u>	<u>(437,478)</u>
EXPENDITURES				
Current:				
Transportation	2,748,364	2,758,364	2,036,705	721,659
Capital outlay	2,974,997	2,974,997	1,868,015	1,106,982
Total expenditures	<u>5,723,361</u>	<u>5,733,361</u>	<u>3,904,720</u>	<u>1,828,641</u>
Excess (deficiency) of revenues over expenditures	<u>(1,559,074)</u>	<u>(1,569,074)</u>	<u>(177,911)</u>	<u>1,391,163</u>
Other financing sources (uses)				
Proceeds from insurance recovery	-	-	589	589
Total other financing sources (uses)	-	-	589	589
Net change in fund balances	<u>(1,559,074)</u>	<u>(1,569,074)</u>	<u>(177,322)</u>	<u>1,391,752</u>
Fund balances, beginning of year	1,905,657	1,905,657	1,905,657	-
Fund balances, end of year	<u>\$ 346,583</u>	<u>\$ 336,583</u>	<u>\$ 1,728,335</u>	<u>\$ 1,391,752</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ -	\$ 34,218	\$ 34,218	\$ -
Investment income	-	-	1,093	1,093
Miscellaneous	-	170	170	-
Total revenues	<u>-</u>	<u>34,388</u>	<u>35,481</u>	<u>1,093</u>
EXPENDITURES				
Current:				
Public safety:				
Other	111,421	145,809	8,145	137,664
Total expenditures	<u>111,421</u>	<u>145,809</u>	<u>8,145</u>	<u>137,664</u>
Net change in fund balances	<u>(111,421)</u>	<u>(111,421)</u>	<u>27,336</u>	<u>138,757</u>
Fund balances, beginning of year	107,956	107,956	107,956	-
Fund balances, end of year	<u>\$ (3,465)</u>	<u>\$ (3,465)</u>	<u>\$ 135,292</u>	<u>\$ 138,757</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BEACH PARKING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,000,000	\$ 1,288,208	\$ 1,288,208	\$ -
Investment income	-	-	23,120	23,120
Miscellaneous	-	35	35	-
Total revenues	<u>1,000,000</u>	<u>1,288,243</u>	<u>1,311,363</u>	<u>23,120</u>
EXPENDITURES				
Current:				
Transportation	915,500	1,085,740	405,743	679,997
Capital outlay	19,500	137,503	97,464	40,039
Total expenditures	<u>935,000</u>	<u>1,223,243</u>	<u>503,207</u>	<u>720,036</u>
Excess (deficiency) of revenues over expenditures	<u>65,000</u>	<u>65,000</u>	<u>808,156</u>	<u>743,156</u>
Other financing sources (uses)				
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>743,156</u>	<u>743,156</u>
Fund balances, beginning of year	2,163,051	2,163,051	2,163,051	-
Fund balances, end of year	<u><u>\$ 2,163,051</u></u>	<u><u>\$ 2,163,051</u></u>	<u><u>\$ 2,906,207</u></u>	<u><u>\$ 743,156</u></u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,782,952	\$ 1,811,415	\$ 1,811,845	\$ 430
Investment income	-	-	12,751	12,751
Total revenues	<u>1,782,952</u>	<u>1,811,415</u>	<u>1,824,596</u>	<u>13,181</u>
EXPENDITURES				
Current:				
Debt service:				
Principal	3,197,738	3,002,486	2,898,008	104,478
Interest and fiscal charges	639,365	863,080	834,955	28,125
Total expenditures	<u>3,837,103</u>	<u>3,865,566</u>	<u>3,732,963</u>	<u>132,603</u>
Excess (deficiency) of revenues over expenditures	<u>(2,054,151)</u>	<u>(2,054,151)</u>	<u>(1,908,367)</u>	<u>145,784</u>
Other financing sources (uses)				
Transfers in	2,054,151	2,054,151	2,028,615	(25,536)
Total other financing sources (uses)	<u>2,054,151</u>	<u>2,054,151</u>	<u>2,028,615</u>	<u>(25,536)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>120,248</u>	<u>120,248</u>
Fund balances, beginning of year	978,791	978,791	978,791	-
Fund balances, end of year	<u>\$ 978,791</u>	<u>\$ 978,791</u>	<u>\$ 1,099,039</u>	<u>\$ 120,248</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LAW ENFORCEMENT CAPITAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 325,976	\$ 325,976	\$ 308,956	\$ (17,020)
Investment income	-	-	15,662	15,662
Total revenues	<u>325,976</u>	<u>325,976</u>	<u>324,618</u>	<u>(1,358)</u>
EXPENDITURES				
Current:				
Public safety				
Law enforcement	-	55,096	111,739	(56,643)
Capital outlay	590,241	535,145	136,458	398,687
Total expenditures	<u>590,241</u>	<u>590,241</u>	<u>248,197</u>	<u>342,044</u>
Net change in fund balances	<u>(264,265)</u>	<u>(264,265)</u>	<u>76,421</u>	<u>340,686</u>
Fund balances, beginning of year	1,635,986	1,635,986	1,635,986	-
Fund balances, end of year	<u>\$ 1,371,721</u>	<u>\$ 1,371,721</u>	<u>\$ 1,712,407</u>	<u>\$ 340,686</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE AND EMERGENCY SERVICES CAPITAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 210,828	\$ 213,853	\$ 213,853	\$ -
Investment income	-	-	12,024	12,024
Total revenues	<u>210,828</u>	<u>213,853</u>	<u>225,877</u>	<u>12,024</u>
EXPENDITURES				
Current:				
Capital outlay	210,828	199,239	19,863	179,376
Total expenditures	<u>210,828</u>	<u>199,239</u>	<u>19,863</u>	<u>179,376</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>14,614</u>	<u>206,014</u>	<u>191,400</u>
Other financing sources (uses)				
Transfers out	-	(14,614)	(14,614)	-
Total other financing sources (uses)	<u>-</u>	<u>(14,614)</u>	<u>(14,614)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>191,400</u>	<u>191,400</u>
Fund balances, beginning of year	1,196,451	1,196,451	1,196,451	-
Fund balances, end of year	<u>\$ 1,196,451</u>	<u>\$ 1,196,451</u>	<u>\$ 1,387,851</u>	<u>\$ 191,400</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - PARKS AND RECREATION CAPITAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Licenses and fees	\$ 142,417	\$ 142,417	\$ 76,956	\$ (65,461)
Investment income	-	-	2,175	2,175
Total revenues	<u>142,417</u>	<u>142,417</u>	<u>79,131</u>	<u>(63,286)</u>
EXPENDITURES				
Current:				
Capital outlay	142,417	15,609	-	15,609
Total expenditures	<u>142,417</u>	<u>15,609</u>	<u>-</u>	<u>15,609</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>126,808</u>	<u>79,131</u>	<u>(47,677)</u>
Other financing sources (uses)				
Transfers out	-	(303,481)	(117,615)	185,866
Total other financing sources (uses)	<u>-</u>	<u>(303,481)</u>	<u>(117,615)</u>	<u>185,866</u>
Net change in fund balances	<u>-</u>	<u>(176,673)</u>	<u>(38,484)</u>	<u>138,189</u>
Fund balances, beginning of year	230,825	230,825	230,825	-
Fund balances, end of year	<u>\$ 230,825</u>	<u>\$ 54,152</u>	<u>\$ 192,341</u>	<u>\$ 138,189</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION CAPITAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and fees	\$ 750,000	\$ 750,000	\$ 674,660	\$ (75,340)
Investment income	-	-	29,991	29,991
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>704,651</u>	<u>(45,349)</u>
EXPENDITURES				
Current:				
Transportation	133,815	133,815	10,249	123,566
Total expenditures	<u>133,815</u>	<u>133,815</u>	<u>10,249</u>	<u>123,566</u>
Excess (deficiency) of revenues over expenditures	<u>616,185</u>	<u>616,185</u>	<u>694,402</u>	<u>78,217</u>
Other financing sources (uses)				
Transfers out	(632,500)	(632,500)	(632,500)	-
Total other financing sources (uses)	<u>(632,500)</u>	<u>(632,500)</u>	<u>(632,500)</u>	<u>-</u>
Net change in fund balances	<u>(16,315)</u>	<u>(16,315)</u>	<u>61,902</u>	<u>78,217</u>
Fund balances, beginning of year	3,013,491	3,013,491	3,013,491	-
Fund balances, end of year	<u>\$ 2,997,176</u>	<u>\$ 2,997,176</u>	<u>\$ 3,075,393</u>	<u>\$ 78,217</u>

CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 373,807	\$ 373,966	\$ 369,558	\$ (4,408)
Intergovernmental	713,460	1,145,800	4,474,516	3,328,716
Investment income	-	-	26,948	26,948
Miscellaneous	-	4,200	4,200	-
Total revenues	<u>1,087,267</u>	<u>1,523,966</u>	<u>4,875,222</u>	<u>3,351,256</u>
EXPENDITURES				
Current:				
Transportation	928,357	928,516	682,417	246,099
Capital outlay	13,531,901	14,958,532	4,562,393	10,396,139
Total expenditures	<u>14,460,258</u>	<u>15,887,048</u>	<u>5,244,810</u>	<u>10,642,238</u>
Excess (deficiency) of revenues over expenditures	<u>(13,372,991)</u>	<u>(14,363,082)</u>	<u>(369,588)</u>	<u>13,993,494</u>
Other financing sources (uses)				
Transfers in	5,598,261	6,588,352	6,357,486	(230,866)
Total other financing sources (uses)	<u>5,598,261</u>	<u>6,588,352</u>	<u>6,357,486</u>	<u>(230,866)</u>
Net change in fund balances	<u>(7,774,730)</u>	<u>(7,774,730)</u>	<u>5,987,898</u>	<u>13,762,628</u>
Fund balances, beginning of year	2,660,458	2,660,458	2,660,458	-
Fund balances, end of year	<u><u>\$ (5,114,272)</u></u>	<u><u>\$ (5,114,272)</u></u>	<u><u>\$ 8,648,356</u></u>	<u><u>\$ 13,762,628</u></u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

TABLE 1

CITY OF NEW SMYRNA BEACH, FLORIDA
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Invested in capital assets	\$ 113,500,350	\$ 105,714,465	\$ 100,614,187	\$ 94,927,137	\$ 94,386,725	\$ 90,274,757	\$ 78,223,395	\$ 72,837,452	\$ 68,606,704	\$ 61,529,420
Restricted	16,633,724	15,743,617	14,686,532	9,520,265	7,084,902	6,314,851	6,844,850	6,976,592	10,144,140	13,093,265
Unrestricted	7,941,028	5,916,141	4,049,396	3,993,543	3,832,295	848,848	2,398,098	12,386,601	11,427,059	11,232,777
Total governmental activities net position	<u>\$ 138,075,102</u>	<u>\$ 127,374,223</u>	<u>\$ 119,350,115</u>	<u>\$ 108,440,945</u>	<u>\$ 105,303,922</u>	<u>\$ 97,438,456</u>	<u>\$ 87,466,343</u>	<u>\$ 92,200,645</u>	<u>\$ 90,177,903</u>	<u>\$ 85,855,462</u>
Business-type Activities:										
Invested in capital assets	\$ 249,352	\$ 1,022,641	\$ 1,064,128	\$ 610,651	\$ 551,501	\$ 119,173	\$ 139,046	\$ 108,271	\$ 82,689	\$ 44,049
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,791,729	145,975	(30,837)	(271,645)	(338,008)	60,501	474,803	674,090	1,482,050	1,301,107
Total business-type activities net position	<u>\$ 2,041,081</u>	<u>\$ 1,168,616</u>	<u>\$ 1,033,291</u>	<u>\$ 339,006</u>	<u>\$ 213,493</u>	<u>\$ 179,674</u>	<u>\$ 613,849</u>	<u>\$ 782,361</u>	<u>\$ 1,564,739</u>	<u>\$ 1,345,156</u>
Primary Government:										
Invested in capital assets	\$ 113,749,702	\$ 106,737,106	\$ 101,678,315	\$ 95,537,788	\$ 94,938,226	\$ 90,393,930	\$ 78,362,441	\$ 72,945,723	\$ 68,689,393	\$ 61,573,469
Restricted	16,633,724	15,743,617	14,686,532	9,520,265	7,084,902	6,314,851	6,844,850	6,976,592	10,144,140	13,093,265
Unrestricted	9,732,757	6,062,116	4,018,559	3,721,898	3,494,287	909,349	2,872,901	13,060,691	12,909,109	12,533,884
Total primary government net position	<u>\$ 140,116,183</u>	<u>\$ 128,542,839</u>	<u>\$ 120,383,406</u>	<u>\$ 108,779,951</u>	<u>\$ 105,517,415</u>	<u>\$ 97,618,130</u>	<u>\$ 88,080,192</u>	<u>\$ 92,983,006</u>	<u>\$ 91,742,642</u>	<u>\$ 87,200,618</u>

Note: Beginning in 2020, the Golf Course Fund that was previously a business-type activity was closed and the functions are now accounted for in the General Fund.

TABLE 2

CITY OF NEW SMYRNA BEACH, FLORIDA
CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities:										
General government	\$ 5,726,788	\$ 6,125,363	\$ 5,793,676	\$ 7,645,291	\$ 4,385,497	\$ 3,614,857	\$ 3,418,609	\$ 2,900,453	\$ 2,828,557	\$ 3,015,088
Public safety	16,406,663	16,321,412	13,750,597	13,040,957	10,661,993	13,183,486	11,991,298	12,065,182	11,793,168	12,296,368
Transportation	6,176,788	6,178,417	4,799,649	3,998,592	4,122,721	4,373,481	4,467,014	4,665,184	3,318,479	3,581,157
Economic environment	796,074	898,328	1,067,964	1,113,714	1,531,277	2,079,700	2,496,356	3,306,426	2,237,200	1,560,623
Physical environment	1,284,274	5,049	1,970,217	1,358,031	1,337,399	1,327,420	977,494	932,060	977,478	755,328
Culture/recreation	6,351,948	5,051,113	4,554,202	4,543,918	3,973,175	3,202,899	2,891,609	2,790,501	2,760,098	2,996,608
Intragovernmental services	474,163	693,001	724,766	696,938	660,808	566,013	561,254	429,002	352,355	364,404
Interest on long-term debt	919,793	772,474	733,514	702,554	719,346	865,380	897,374	922,751	995,642	1,084,163
Total governmental activities expenses	38,136,491	36,045,157	33,394,585	33,099,995	27,392,216	29,213,236	27,701,008	28,011,559	25,262,977	25,653,739
Business-Type Activities:										
Sanitation	6,911,750	6,225,725	5,763,687	5,577,278	5,402,195	5,262,651	5,092,946	4,975,471	4,903,865	5,122,574
Golf course	-	1,353,870	1,276,874	1,238,918	1,113,639	1,151,916	1,147,538	1,114,149	1,099,174	1,095,600
Marina	274,138	253,798	248,544	207,740	239,592	188,247	174,597	173,757	183,250	188,150
Total business-type activities expenses	7,185,888	7,833,393	7,289,105	7,023,936	6,755,426	6,602,814	6,415,081	6,263,377	6,186,289	6,406,324
Total primary government expenses	45,322,379	43,878,550	40,683,690	40,123,931	34,147,642	35,816,050	34,116,089	34,274,936	31,449,266	32,060,063
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General government	877,187	1,164,366	2,032,127	955,559	948,150	1,017,574	917,787	735,488	705,084	754,910
Public safety	5,255,655	5,180,451	3,704,648	3,140,536	3,065,363	1,757,344	1,816,131	1,675,729	1,254,593	818,247
Transportation	2,290,281	2,820,537	2,738,819	2,679,034	2,403,939	2,773,746	2,695,161	2,672,797	1,851,577	1,877,293
Economic environment	-	-	-	-	-	-	-	-	-	7,075
Physical environment	2,377,221	2,239,211	2,089,596	2,108,847	1,978,749	1,922,683	1,868,307	1,815,929	1,260,015	1,292,246
Culture/recreation	1,725,929	656,293	336,107	215,704	239,690	225,425	285,987	300,470	279,589	204,033
Operating grants and contributions	2,445,678	2,197,583	1,824,240	2,003,075	1,732,921	1,538,660	3,145,246	1,079,061	1,023,888	1,779,466
Capital grants and contributions	7,241,469	2,875,061	9,392,174	3,587,890	4,086,577	7,582,049	2,228,542	1,486,748	3,635,971	2,399,895
Total governmental activities program revenues	\$ 22,213,420	\$ 17,133,502	\$ 22,117,711	\$ 14,690,645	\$ 14,455,389	\$ 16,817,481	\$ 12,957,161	\$ 9,766,222	\$ 10,010,717	\$ 9,133,165

Note: Beginning in 2020, the Golf Course Fund that was previously a business-type activity was closed and the functions are now accounted for in the General Fund

TABLE 2
(Continued)

CITY OF NEW SMYRNA BEACH, FLORIDA
CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020
(Continued)

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues (continued):										
Business-Type Activities:										
Charges for Services:										
Sanitation	7,002,902	6,562,170	6,338,556	5,555,028	5,430,041	5,288,084	5,128,609	5,012,251	4,956,381	4,887,167
Golf course	-	1,186,622	1,140,256	1,063,810	666,897	1,121,547	1,214,833	1,232,023	1,192,013	1,216,902
Marina	278,202	300,833	303,216	293,139	313,199	282,478	274,940	276,005	286,343	279,713
Operating grants and contributions	14,950	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>7,296,054</u>	<u>8,049,625</u>	<u>7,782,028</u>	<u>6,911,977</u>	<u>6,410,137</u>	<u>6,692,109</u>	<u>6,618,382</u>	<u>6,520,279</u>	<u>6,434,737</u>	<u>6,383,782</u>
Total primary government program revenues	<u>29,509,474</u>	<u>25,183,127</u>	<u>29,899,739</u>	<u>21,602,622</u>	<u>20,865,526</u>	<u>23,509,590</u>	<u>19,575,543</u>	<u>16,286,501</u>	<u>16,445,454</u>	<u>15,516,947</u>
Net (Expense)/Revenue:										
Governmental activities	(15,923,071)	(18,911,655)	(11,276,874)	(18,409,350)	(12,936,827)	(12,395,755)	(14,743,847)	(18,245,337)	(15,252,260)	(16,520,574)
Business-type activities	110,166	216,232	492,923	(111,959)	(345,289)	89,295	203,301	256,902	248,448	(22,542)
Total primary government net expense	<u>(15,812,905)</u>	<u>(18,695,423)</u>	<u>(10,783,951)</u>	<u>(18,521,309)</u>	<u>(13,282,116)</u>	<u>(12,306,460)</u>	<u>(14,540,546)</u>	<u>(17,988,435)</u>	<u>(15,003,812)</u>	<u>(16,543,116)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes	17,061,249	15,863,575	13,606,365	12,125,345	11,313,896	11,867,963	11,128,948	10,829,994	10,510,181	10,936,803
Franchise fees	723,240	662,574	670,696	673,638	660,246	670,788	718,704	593,815	603,999	587,539
Public service taxes	3,490,749	3,502,667	3,388,718	3,123,400	3,201,661	3,136,070	3,067,282	2,839,351	2,907,666	2,963,241
Sales taxes	1,488,470	1,504,792	1,467,385	1,360,567	1,295,417	1,208,002	1,102,855	1,049,653	982,026	958,810
Intergovernmental revenues	1,135,220	1,122,878	548,880	515,469	485,695	456,271	414,527	848,741	814,428	734,884
Investment earnings	227,801	515,882	261,110	127,857	77,659	78,273	32,699	24,808	26,769	74,296
Required payment from component unit	3,737,897	3,787,625	3,666,585	3,615,948	3,721,884	3,550,060	3,487,211	3,235,374	3,388,376	3,564,277
Miscellaneous revenue	82,124	35,371	227,937	186,664	414,872	621,401	196,987	162,158	310,556	850,155
Gain on sale of capital	-	-	31,106	23,787	-	252,459	330,433	-	-	-
Transfers	-	97,566	(254,301)	(206,302)	(369,037)	526,581	280,700	1,042,706	30,700	30,700
Total governmental activities	<u>27,946,750</u>	<u>27,092,930</u>	<u>23,614,481</u>	<u>21,546,373</u>	<u>20,802,293</u>	<u>22,367,868</u>	<u>20,760,346</u>	<u>20,626,600</u>	<u>19,574,701</u>	<u>20,700,705</u>
Business-Type Activities:										
Investment earnings	15,258	17,102	7,153	3,178	1,867	1,637	-	-	108	3,050
Miscellaneous revenue	-	-	27,215	27,992	8,205	1,474	1,807	3,426	1,727	1,174
Transfers	-	(97,566)	254,301	206,302	369,037	(526,581)	(280,700)	(1,042,706)	(30,700)	(30,700)
Total business-type activities	<u>15,258</u>	<u>(80,464)</u>	<u>288,669</u>	<u>237,472</u>	<u>379,109</u>	<u>(523,470)</u>	<u>(278,893)</u>	<u>(1,039,280)</u>	<u>(28,865)</u>	<u>(26,476)</u>
Total primary government	<u>27,962,008</u>	<u>27,012,466</u>	<u>23,903,150</u>	<u>21,783,845</u>	<u>21,181,402</u>	<u>21,844,398</u>	<u>20,481,453</u>	<u>19,587,320</u>	<u>19,545,836</u>	<u>20,674,229</u>
Changes in Net Position:										
Governmental activities	12,023,679	8,181,275	12,337,607	3,137,023	7,865,466	9,972,113	6,016,499	2,381,263	4,322,441	4,180,131
Business-type activities	125,424	135,768	781,592	125,513	33,820	(434,175)	(75,592)	(782,378)	219,583	(49,018)
Total primary government	<u>\$ 12,149,103</u>	<u>\$ 8,317,043</u>	<u>\$ 13,119,199</u>	<u>\$ 3,262,536</u>	<u>\$ 7,899,286</u>	<u>\$ 9,537,938</u>	<u>\$ 5,940,907</u>	<u>\$ 1,598,885</u>	<u>\$ 4,542,024</u>	<u>\$ 4,131,113</u>

Note: Beginning in 2020, the Golf Course Fund that was previously a business-type activity was closed and the functions are now accounted for in the General Fund

TABLE 3

**CITY OF NEW SMYRNA BEACH, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020**

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 246,115	\$ 875,609	\$ 1,311,501	\$ 1,250,734	\$ 3,216,342	\$ 913,628	\$ 784,518	\$ 1,273,261	\$ 853,528	\$ 960,250
Spendable:										
Restricted	123,740	115,442	66,816	60,816	55,435	38,770	37,471	110,189	151,083	297,044
Committed	-	-	-	-	-	-	-	-	23,396	18,671
Assigned	329,935	2,537,599	1,541,499	1,486,371	509,099	1,261,353	1,690,358	1,985,572	1,229,998	323,973
Unassigned	9,303,506	6,763,876	5,848,641	5,461,399	8,500,876	7,770,407	6,586,028	5,629,440	6,193,805	7,090,354
Total general fund	<u>\$ 10,003,296</u>	<u>\$ 10,292,526</u>	<u>\$ 8,768,457</u>	<u>\$ 8,259,320</u>	<u>\$ 12,281,752</u>	<u>\$ 9,984,158</u>	<u>\$ 9,098,375</u>	<u>\$ 8,998,462</u>	<u>\$ 8,451,810</u>	<u>\$ 8,690,292</u>
All Other Governmental Funds:										
Nonspendable	\$ 37,586	\$ 32,606	\$ 61,643	\$ 52,341	\$ 31,118	\$ 38,795	\$ 71,921	\$ 40,193	\$ 47,423	\$ 64,171
Spendable:										
Restricted	22,043,617	19,118,404	15,776,344	11,126,481	9,131,407	13,722,842	16,754,533	11,580,808	15,362,159	17,878,252
Committed	6,411,007	5,980,290	4,587,211	8,860,753	2,889,850	3,405,730	4,828,838	3,483,609	2,827,179	3,065,456
Assigned	4,643,774	1,873,120	3,107,800	2,716,597	1,894,596	1,285,336	802,587	803,807	749,405	982,772
Unassigned	-	-	-	28,357	(22,173)	-	-	-	-	(6,400)
Total all other governmental funds	<u>\$ 33,135,984</u>	<u>\$ 27,004,420</u>	<u>\$ 23,532,998</u>	<u>\$ 22,784,529</u>	<u>\$ 13,924,798</u>	<u>\$ 18,452,703</u>	<u>\$ 22,457,879</u>	<u>\$ 15,908,417</u>	<u>\$ 18,986,166</u>	<u>\$ 21,984,251</u>

Note: Beginning in 2020, the Golf Course Fund that was previously a business-type activity was closed and the functions are now accounted for in the General Fund

TABLE 4

CITY OF NEW SMYRNA BEACH, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020

	Fiscal Year Ending September 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue:										
Taxes	\$ 22,020,890	\$ 20,563,254	\$ 18,373,409	\$ 16,654,985	\$ 15,809,290	\$ 14,955,277	\$ 14,477,868	\$ 13,628,683	\$ 13,612,756	\$ 14,009,961
Licenses and fees	8,892,107	9,862,074	7,141,017	6,735,421	6,793,044	6,012,110	5,894,830	5,493,584	5,121,557	4,802,244
Intergovernmental	9,632,693	4,676,389	10,596,815	5,225,276	5,553,360	10,563,520	6,707,036	4,189,353	6,382,936	5,127,435
Charges for services	9,535,899	7,496,244	8,156,909	7,034,415	3,998,336	2,910,515	2,486,735	2,291,548	1,790,422	1,731,719
Fines and forfeitures	472,964	249,600	179,147	148,300	235,672	174,114	135,052	78,236	58,161	285,501
Investment earnings	227,075	499,640	261,111	127,855	77,659	77,645	32,700	24,808	26,769	74,300
Other revenues	430,235	473,843	473,190	485,394	3,321,206	3,558,550	3,597,078	3,558,312	2,440,215	3,291,305
Total revenue	<u>51,211,863</u>	<u>43,821,044</u>	<u>45,181,598</u>	<u>36,411,646</u>	<u>35,788,567</u>	<u>38,251,731</u>	<u>33,331,299</u>	<u>29,264,524</u>	<u>29,432,816</u>	<u>29,322,465</u>
Expenditures:										
General government	6,045,254	4,857,074	5,478,001	7,245,432	3,891,608	3,087,836	2,907,718	2,576,858	2,435,005	2,569,509
Public safety	14,905,240	14,931,844	13,328,911	12,539,387	12,089,687	11,640,499	11,113,749	11,121,231	11,345,214	11,742,984
Transportation	4,535,016	4,557,308	4,392,778	3,569,012	3,672,814	3,859,584	4,001,762	4,003,205	2,950,648	2,985,296
Economic environment	75,000	106,917	14,468	20,195	568,282	1,380,301	1,807,054	2,909,623	1,894,667	1,330,128
Physical environment	761,984	792,388	926,523	571,095	658,672	680,302	314,881	444,991	250,942	254,249
Culture/recreation	5,300,346	4,094,122	3,662,103	3,591,589	3,229,405	2,745,754	2,366,865	2,249,784	2,133,464	2,216,549
Building and maintenance	454,098	684,650	716,104	672,158	637,924	554,123	544,020	413,832	333,422	337,424
Capital outlay	8,467,230	16,035,497	14,677,654	5,564,010	12,547,872	16,568,963	9,412,952	6,026,388	8,221,718	7,364,925
Debt Service:										
Principal retirement	3,130,891	2,577,241	9,688,922	1,947,791	1,709,132	1,688,344	2,946,345	2,141,132	2,103,467	2,004,805
Interest and fiscal charges	863,619	787,748	845,734	671,824	693,634	706,363	1,134,038	951,283	1,031,536	1,114,576
Total expenditures	<u>44,538,678</u>	<u>49,424,789</u>	<u>53,731,198</u>	<u>36,392,493</u>	<u>39,699,030</u>	<u>42,912,069</u>	<u>36,549,384</u>	<u>32,838,327</u>	<u>32,700,083</u>	<u>31,920,445</u>
Excess (deficiency) of revenues over expenditures	<u>6,673,185</u>	<u>(5,603,745)</u>	<u>(8,549,600)</u>	<u>19,153</u>	<u>(3,910,463)</u>	<u>(4,660,338)</u>	<u>(3,218,085)</u>	<u>(3,573,803)</u>	<u>(3,267,267)</u>	<u>(2,597,980)</u>
Other Financing Sources (Uses):										
Transfers in (out)	-	97,566	(254,301)	(206,302)	(369,037)	1,041,636	280,700	1,042,706	30,700	(2,718,186)
Proceeds from issuance of debt	-	9,793,094	10,000,000	5,000,000	-	-	24,780,000	-	-	-
Payment to refunding escrow agent	-	-	-	-	-	-	(16,825,341)	-	-	-
Proceeds from sale of capital assets	37,835	59	31,106	24,448	49,861	499,309	1,632,101	-	-	495,000
Proceeds from insurance recovery	79,083	62,781	30,401	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	1,999,328	-	-	-	-	-
Total other financing sources (uses)	<u>116,918</u>	<u>9,953,500</u>	<u>9,807,206</u>	<u>4,818,146</u>	<u>1,680,152</u>	<u>1,540,945</u>	<u>9,867,460</u>	<u>1,042,706</u>	<u>30,700</u>	<u>(2,223,186)</u>
Net change in fund balances	<u>\$ 6,790,103</u>	<u>\$ 4,349,755</u>	<u>\$ 1,257,606</u>	<u>\$ 4,837,299</u>	<u>\$ (2,230,311)</u>	<u>\$ (3,119,393)</u>	<u>\$ 6,649,375</u>	<u>\$ (2,531,097)</u>	<u>\$ (3,236,567)</u>	<u>\$ (4,821,166)</u>
Debt service as a percentage of noncapital expenditures	11.1%	10.1%	27.0%	8.5%	8.8%	9.1%	15.0%	11.5%	12.7%	12.6%

Note: Beginning in 2020, the Golf Course Fund that was previously a business-type activity was closed and the functions are now accounted for in the General Fund.

CITY OF NEW SMYRNA BEACH, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020

Fiscal Year² Ended September 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property	Vacant Land and Other	Tangible Personal Property	Total Assessed Value	Less: Tax-Exempt Property	Total Taxable Assessed Value¹	Total Direct Tax Rate¹
2020	3,935,312,702	417,379,076	35,292,888	4,033,158	65,451,015	214,796,559	158,730,559	198,685,156	5,029,681,113	896,616,256	4,133,064,857	4.19560
2019	3,607,592,880	398,170,720	30,905,813	3,873,907	62,832,487	206,887,673	141,171,430	188,694,767	4,640,129,677	860,236,495	3,779,893,182	4.17550
2018	3,298,276,892	353,190,922	29,344,520	2,563,579	49,675,127	195,425,582	147,944,921	168,439,045	4,244,860,588	811,986,176	3,432,874,412	4.05610
2017	3,055,463,112	313,454,305	27,467,036	2,324,780	46,746,352	175,317,013	138,456,418	169,521,503	3,928,750,519	775,089,050	3,153,661,469	3.96990
2016	2,848,415,687	285,656,360	25,814,294	1,489,961	43,978,338	157,277,270	125,107,652	176,922,153	3,664,661,715	748,827,518	2,915,834,197	3.99900
2015	2,662,911,966	264,239,522	24,807,438	1,416,412	42,546,782	132,820,223	118,502,798	172,284,943	3,419,530,084	696,808,459	2,722,721,625	4.02830
2014	2,477,659,029	242,549,870	23,580,787	902,857	38,112,705	122,392,149	115,242,545	173,608,473	3,194,048,415	674,237,186	2,519,811,229	4.17630
2013	2,403,446,644	227,013,083	23,575,862	678,375	37,460,082	122,362,414	129,905,505	160,107,446	3,104,549,411	651,875,258	2,452,674,153	4.05750
2012	2,342,004,615	225,970,455	24,485,981	673,972	37,355,385	69,714,230	200,124,416	99,214,618	2,999,543,672	591,696,575	2,407,847,097	4.10110
2011	2,408,084,268	247,885,861	27,677,554	680,908	39,970,180	57,714,605	209,065,101	100,999,812	3,092,078,289	584,130,316	2,507,947,973	4.07400

Source: Volusia County, Florida, Property Appraiser.

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

²All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e., all fiscal 2020 data was obtained from the 2019 calendar year tax roll).

**CITY OF NEW SMYRNA BEACH, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES,
LAST TEN FISCAL YEARS
YEAR ENDING SEPTEMBER 30, 2020**

Fiscal Year ¹	City of New Smyrna Beach			Overlapping Rates							Total-All Taxing Districts
	Operating	Debt Service	Total City of New Smyrna	Volusia County School District	Volusia County	Southeast Volusia Hospital District	Southeast Volusia Mosquito Control	Ponce Inlet and Port Authority	St. Johns Water Management District	Florida Inland Navigation District	
2020	3.7421	0.4535	4.19560	6.0810	6.54200	1.12130	0.18800	0.09290	0.24140	0.03200	18.49420
2019	3.8416	0.3339	4.17550	6.2810	6.64640	1.19840	0.18800	0.09290	0.25620	0.03200	18.87040
2018	3.6811	0.3750	4.05610	6.2810	6.64640	1.19840	0.18800	0.09290	0.25620	0.03200	18.75100
2017	3.5699	0.4000	3.96990	6.8480	7.05200	2.40000	0.18800	0.09290	0.28850	0.03200	20.87130
2016	3.5699	0.4300	3.99990	7.19700	7.27090	2.63400	0.18800	0.09290	0.30230	0.03200	21.71700
2015	3.5764	0.45190	4.02830	7.33600	7.27090	2.78420	0.18800	0.09290	0.31640	0.03450	22.05120
2014	3.5764	0.59990	4.17630	7.35800	7.27090	2.93910	0.20800	0.09290	0.32830	0.03450	22.40800
2013	3.4445	0.61300	4.05750	7.88800	6.88090	3.03000	0.20800	0.09290	0.33130	0.03450	22.52310
2012	3.4793	0.62180	4.10110	8.06300	6.77910	3.30150	0.20800	0.09290	0.33130	0.03450	22.91140
2011	3.4793	0.59470	4.07400	8.23700	6.30250	3.25000	0.20800	0.09290	0.41580	0.03450	22.61470

Source: Volusia County, Florida, Property Appraiser.

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

¹All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e., all fiscal 2020 data was obtained from the 2019 calendar year tax roll).

TABLE 7

**CITY OF NEW SMYRNA BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT AND NINE YEARS AGO
SEPTEMBER 30, 2020**

Taxpayer	September 30, 2020			September 30, 2011		
	(2019 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value	(2010 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value
Coconut Palms Condo Association	\$ 26,432,572	1	0.64%			
Florida Public Utilities Company	17,924,867	2	0.43%			
Publix Super Markets	17,528,721	3	0.42%			
Poseidon Hotel Ventures LLC	16,133,437	4	0.39%			
Real Sub LLC	15,068,952	5	0.36%			
TT of New Smyrna LLC	14,550,270	6	0.35%			
Key New Smyrna LLC	14,002,884	7	0.34%			
Lyme Stone Ranch Investors LTD	13,118,594	8	0.32%			
Florida Power & Light	12,869,857	9	0.31%			
Geosam Capital US LP	12,252,597	10	0.30%			
Ocean Development Group, Inc.				31,236,962	1	1.25%
Islander Beach Resorts				13,461,638	2	0.54%
Bellsouth Telecommunications, Inc.				13,210,323	3	0.53%
MMR Holdings LLC				9,671,648	4	0.39%
Minorca, LTD				8,787,587	5	0.35%
811 Development Corporation				6,980,264	6	0.28%
I.R.T. Property Co.				6,752,392	7	0.27%
Sea Villas Development Corporation				5,910,165	8	0.24%
Wal-Mart Stores, Inc.				4,510,250	9	0.18%
Samuel R. Sutton, Trustee				4,315,250	10	0.17%
Total	<u>\$ 115,525,312</u>		<u>2.80%</u>	<u>\$ 104,836,479</u>		<u>4.18%</u>

Source: Volusia County, Florida, Property Appraiser.

TABLE 8

**CITY OF NEW SMYRNA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020**

Fiscal Year Ended September 30,	Taxes Levied For Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2020	17,340,687	16,724,838	96.45%	53,843	16,778,680	96.76%
2019	15,804,386	15,296,416	96.79%	38,960	15,335,376	97.03%
2018	13,924,082	13,445,129	96.56%	1,209	13,446,338	96.57%
2017	12,519,721	12,157,699	97.11%	-	12,157,699	97.11%
2016	11,663,045	11,313,415	97.00%	4,533	11,317,948	97.04%
2015	10,967,940	10,601,509	96.66%	1,831	10,603,340	96.68%
2014	10,523,488	10,192,443	96.85%	2,108	10,194,550	96.87%
2013	9,874,821	9,596,845	97.19%	15,142	9,611,987	97.34%
2012	9,874,821	9,540,210	96.61%	13,943	9,554,153	96.75%
2011	10,217,380	9,878,926	96.69%	14,835	9,893,761	96.83%

Source: The City of New Smyrna Beach Finance Department

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e., 2020 collections are from the 2019 tax levy).

TABLE 9

**CITY OF NEW SMYRNA BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020**

Fiscal Year Ended September 30,	Governmental Activities							Business-type Activities	Primary Government Total	Percent of Personal Income ¹	Per Capita ²	Personal Income ³
	General Obligation Refunding Note	Capital Revenue Note	Public Improvement Bonds	Capital Improvement Notes	Promissory Notes	Capital Lease Obligation	Total	Long- Term Notes				
2020	\$ 13,652,000	\$ 4,100,000	\$ -	\$ 13,141,437	\$ 441,212	\$ 1,327,972	\$ 32,662,621	\$ -	\$ 32,662,621	2.66%	1,173	\$ 1,228,934,334
2019	15,033,000	4,101,536	-	14,188,000	669,243	1,425,923	35,417,702	-	35,417,702	3.08%	1,303	1,151,428,702
2018	6,576,000	4,563,086	-	14,795,000	892,572	1,616,069	28,442,727	-	28,442,727	2.86%	1,075	993,577,920
2017	7,601,000	5,000,179	-	12,640,000	1,108,185	1,802,995	28,152,359	-	28,152,359	2.89%	1,091	975,405,006
2016	8,603,000	5,450,000	-	7,730,000	1,317,643	1,999,328	25,099,971	-	25,099,971	2.65%	1,001	947,998,556
2015	9,589,000	5,765,000	-	7,935,000	1,520,954	-	24,809,954	-	24,809,954	2.83%	1,021	875,991,496
2014	10,595,000	6,140,000	-	8,045,000	1,718,298	-	26,498,298	-	26,498,298	3.30%	1,139	803,582,160
2013	12,125,000	5,985,000	167,281	-	2,637,362	-	20,914,643	-	20,914,643	2.61%	900	800,157,350
2012	12,990,000	6,230,000	490,817	-	3,344,958	-	23,055,775	-	23,055,775	3.03%	1,017	762,073,312
2011	13,825,000	6,465,000	800,192	-	4,069,050	-	25,159,242	-	25,159,242	3.44%	1,104	731,156,340

Source:

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

² Amount computed by dividing Total Outstanding Debt by Population as shown in Table 14.

TABLE 10

CITY OF NEW SMYRNA BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020

Fiscal Year Ended September 30,	Governmental Activities General Obligation Bonds	Percentage of Total Taxable Assessed Value of Property	Percent of Personal Income¹	Per Capita²	Population
2020	13,652,000	0.33%	1.11%	490	27,843
2019	15,033,000	0.60%	1.31%	553	27,173
2018	6,576,000	0.27%	0.66%	248	26,470
2017	7,601,000	0.31%	0.78%	295	25,803
2016	8,603,000	0.34%	0.91%	343	25,078
2015	9,589,000	0.35%	1.09%	395	24,298
2014	10,595,000	0.36%	1.32%	455	23,272
2013	12,125,000	0.38%	1.52%	522	23,230
2012	12,990,000	0.38%	1.70%	570	22,792
2011	13,825,000	0.37%	1.89%	610	22,668

Source:

¹ Percent of Personal Income is calculated by dividing the General Obligation bonds by the total Personal Income per Table 14. Per Capita is calculated by dividing the General

² Per Capita is calculated by dividing the General Obligation Bonds by the Population per Table 14.

TABLE 11

CITY OF NEW SMYRNA BEACH, FLORIDA
DIRECT AND OVERLAPPING DEBT FOR GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
County of Volusia, Florida:			
General Obligation Bonds	\$ 3,220,000	11.28%	\$ 363,345
Other Debt:			
District School Board of Volusia County, Florida:			
State School Bonds	125,000	11.28%	14,105
Certificates of participation	270,670,000	11.28%	30,542,435
Sales Tax Revenue Bonds	29,010,000	11.28%	3,273,492
Notes and Capital Leases	715,920	11.28%	80,784
County of Volusia, Florida:			
Revenue bonds	64,664,925	11.28%	7,296,798
Notes payable	39,223,018	11.28%	4,425,930
Total overlapping debt			<u>45,996,889</u>
City direct debt			32,662,621
Total direct and overlapping debt			<u><u>\$ 78,659,510</u></u>

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

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
LEGAL DEBT MARGIN INFORMATION
YEAR ENDING SEPTEMBER 30, 2020**

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
PLEGDED REVENUE COVERAGE,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020**

	Fiscal Year Ending September 30,									
	2019	2019	2018	2017	2016	2015	2014	2013	2012	2011
Community Redevelopment Agency Bonds:										
Tax increment revenues	\$ 721,987	\$ 581,276	\$ 291,289	\$ 159,131	\$ 69,367	\$ 1,904,212	\$ 1,720,445	\$ 1,543,968	\$ 1,512,930	\$ 1,639,894
Less: operating expenses	-	-	-	-	-	-	-	-	-	-
Net revenue available for debt service	<u>\$ 721,987</u>	<u>\$ 581,276</u>	<u>\$ 291,289</u>	<u>\$ 159,131</u>	<u>\$ 69,367</u>	<u>\$ 1,904,212</u>	<u>\$ 1,720,445</u>	<u>\$ 1,543,968</u>	<u>\$ 1,512,930</u>	<u>\$ 1,639,894</u>
Debt Service payments:										
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,281	\$ 323,537	\$ 309,374	\$ 295,833
Interest	-	-	-	-	-	-	3,671	18,588	32,816	46,228
Total debt service payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,952</u>	<u>\$ 342,125</u>	<u>\$ 342,190</u>	<u>\$ 342,061</u>
Coverage (times)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>10.06</u>	<u>4.51</u>	<u>4.42</u>	<u>4.79</u>
Capital Revenue Bonds and Notes:										
Gross revenues	\$ 37,034,206	\$ 28,265,291	\$ 32,222,962	\$ 31,276,150	\$ 31,157,148	\$ 33,791,679	\$ 37,048,720	\$ 25,246,967	\$ 27,821,835	\$ 20,539,323
Less: operating expenses	-	-	-	-	-	-	-	-	-	-
Net revenue available for debt service	<u>\$ 37,034,206</u>	<u>\$ 28,265,291</u>	<u>\$ 32,222,962</u>	<u>\$ 31,276,150</u>	<u>\$ 31,157,148</u>	<u>\$ 33,791,679</u>	<u>\$ 37,048,720</u>	<u>\$ 25,246,967</u>	<u>\$ 27,821,835</u>	<u>\$ 20,539,323</u>
Debt Service payments:										
Principal	\$ 2,898,008	\$ 2,387,095	\$ 2,232,706	\$ 1,751,458	\$ 1,709,132	\$ 1,688,344	\$ 2,779,064	\$ 1,817,595	\$ 1,794,093	\$ 1,708,972
Interest	692,314	666,429	707,993	651,114	693,633	706,364	1,130,367	932,695	998,720	1,059,309
Total debt service payments	<u>\$ 3,590,322</u>	<u>\$ 3,053,524</u>	<u>\$ 2,940,699</u>	<u>\$ 2,402,572</u>	<u>\$ 2,402,765</u>	<u>\$ 2,394,708</u>	<u>\$ 3,909,431</u>	<u>\$ 2,750,290</u>	<u>\$ 2,792,813</u>	<u>\$ 2,768,281</u>
Coverage (times)	<u>10.32</u>	<u>9.26</u>	<u>10.96</u>	<u>13.02</u>	<u>12.97</u>	<u>14.11</u>	<u>9.48</u>	<u>9.18</u>	<u>9.96</u>	<u>7.42</u>

Notes:

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

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

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

**CITY OF NEW SMYRNA BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC INDICATORS,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020**

Fiscal Year Ended September 30,	Population¹	Personal Income²	County Per Capita Personal Income³	County Median Household Income³	County Median HUD Income³	County Unemployment Rate³
2020	27,843	1,228,934,334	44,138	49,494	n/a	6.80%
2019	27,173	1,151,428,702	42,374	59,514	n/a	3.70%
2018	26,470	993,577,920	37,536	53,721	n/a	3.80%
2017	25,803	975,405,006	37,802	42,334	n/a	3.80%
2016	25,078	947,998,556	37,802	42,334	n/a	5.00%
2015	24,298	875,991,496	36,052	40,881	n/a	5.00%
2014	23,272	803,582,160	34,530	40,908	n/a	5.30%
2013	23,230	800,157,350	34,445	40,114	n/a	6.30%
2012	22,792	762,073,312	33,436	38,477	n/a	8.80%
2011	22,668	731,156,340	32,255	41,368	n/a	10.80%

Source:

¹ Office of Economic and Demographic Research, Bureau of Economic and Business Research, University of Florida

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

³ Florida Research and Economic Database. Amounts indicated are for Volusia County, Florida.

**CITY OF NEW SMYRNA BEACH, FLORIDA
PRINCIPAL EMPLOYERS,
CURRENT AND NINE YEARS AGO
SEPTEMBER 30, 2020**

Employer	September 30, 2020			September 30, 2011		
	Total Employees	Rank	Percent to Total City Employment	Total Employees	Rank	Percent to Total City Employment
AdventHealth New Smyrna Beach	674	1	5.81%	800	1	9.14%
Publix Supermarkets	386	2	3.33%	158	6	3.69%
City of New Smyrna Beach	284	3	2.45%	215	3	3.17%
Wal Mart	239	4	2.06%	216	2	2.59%
Volusia County Public Schools	260	5	2.24%	185	4	2.13%
Home Depot	160	6	1.38%	123	9	9.46%
Ocean View Nursing & Rehab Center	135	7	1.16%	n/a	n/a	2.17%
Norwoods Restaurant	100	8	0.86%	n/a	n/a	1.75%
Winn Dixie Stores, Inc.	74	9	0.64%	143	8	1.50%
Sugar Mill Country Club	70	10	0.60%	n/a	n/a	n/a
Total	<u>2,382</u>		<u>20.53%</u>			
Estimated civilian labor force within the City of New Smyrna Beach						<u>11,603</u>

Source: US Bureau of Labor Statistics

Source: Infogroup Employer Database 2013 ed.1

CITY OF NEW SMYRNA BEACH, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020

Full-Time Equivalent Employees at September 30,										
	2019	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Legislative	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Management	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Economic Development	2.00	1.00	1.00	1.00	1.75	-	-	-	-	-
Legal	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Human Resources	3.00	3.00	3.00	3.00	2.50	2.50	2.00	2.00	2.00	2.00
Planning & Engineering	11.00	12.00	12.00	9.00	8.00	6.50	6.50	6.50	6.50	7.00
Community Redevelopment	-	-	-	-	-	7.75	6.75	8.75	7.00	7.00
City Clerk	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Finance	9.00	8.00	8.00	8.00	8.00	8.00	7.25	6.75	6.00	5.50
Information Systems	5.50	5.00	5.00	5.00	5.00	4.00	4.00	3.00	3.00	2.00
General Government	1.00	2.00	2.00	2.00	2.00	2.00	1.00	-	-	-
Police:										
Chief of Police	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Patrol	38.00	35.00	35.00	35.00	35.00	35.00	31.00	31.00	31.00	31.00
Operations (Cmmdr & Detectives)	23.00	18.00	18.00	17.00	15.25	15.25	13.75	13.75	13.00	13.00
Support	16.50	17.00	16.00	16.00	12.25	10.50	10.50	10.50	12.00	12.00
Dispatch	-	-	-	-	-	-	-	-	-	1.00
Fire:										
Administration	5.00	7.50	7.50	7.50	5.75	6.00	6.00	6.00	6.00	7.00
Operations	45.00	36.00	36.00	36.00	34.00	34.00	34.00	34.00	34.00	37.00
Maintenance Operations										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fleet Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airport	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Parks	15.00	11.00	11.00	11.00	11.00	10.00	10.00	-	-	-
Stormwater	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Sanitation	2.00	1.75	1.75	1.75	1.00	1.00	1.00	1.00	1.00	-
Building Maintenance & Streets	21.00	25.00	25.00	25.00	23.00	21.00	21.00	22.00	20.00	21.00
Leisure Services:										
Recreation	21.25	22.00	22.00	22.00	18.00	14.50	13.50	23.00	24.00	22.00
Golf course	19.50	18.00	18.00	18.00	18.00	18.00	18.00	18.00	15.50	15.50
Marina	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00	2.00
Building & Permitting	16.00	16.75	16.75	16.75	13.00	11.00	10.00	8.00	8.00	7.00
Total	284.25	268.50	267.00	263.00	240.50	234.00	223.25	220.25	214.50	214.50

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

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

TABLE 17

**CITY OF NEW SMYRNA BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020**

	Fiscal Year Ending September 30,									
	2019	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Physical arrests (based on calendar year)	562	597	774	1,046	1,146	1,360	1,024	839	1,071	1,181
Parking violations (based on calendar year)	10,464	6,162	7,023	4,525	6,369	2,022	259	203	127	275
Traffic violations (based on calendar year)	1,882	1,495	1,774	1,456	2,323	3,503	4,770	5,908	5,586	4,778
Fire:										
Emergency responses	5,890	5,413	5,437	5,428	5,413	4,656	4,383	4,074	3,866	3,911
Non-fire/EMS	3,407	2,931	2,969	2,963	2,986	3,610	4,323	3,825	2,801	2,345
Inspections by Engine Companies	104	-	-	-	-	-	-	528	396	95
Inspections by Fire Inspectors/Marshal	720	375	350	506	483	386	534	144	128	990
Solid Waste:										
Refuse collected (tons per week)	500	429	459	467	418	409	383	374	463	338
Yard trash (tons per week)	106	88	90	100	113	115	109	103	90	87
Recyclables collected (tons per week)	38	35	37	35	22	42	38	33	32	32
Public Works-Transportation										
Street construction (miles)	-	2.00	2.68	5.00	2.11	0.45	1.00	0.72	0.36	-
Street resurfacing (miles)	4.56	2.00	-	2.00	1.50	1.00	1.00	4.00	1.00	1.70
Potholes repaired	196	140	179	150	170	155	150	162	150	175
Building Development:										
Residential/single family permits issued	478	596	407	323	302	217	307	190	111	72
Commercial/multi-family permits issued	29	30	96	6	10	10	18	15	7	4
Miscellaneous permits issued	5,729	5,403	9,464	5,935	5,363	5,374	4,434	3,640	4,084	n/a

Source: Various City Departments

TABLE 18

**CITY OF NEW SMYRNA BEACH, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020**

	Fiscal Year Ending September 30,									
	2019	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Area (Sq. miles)	41.6	41.5	41.5	41.2	40.9	40.7	38.9	38.9	38.0	38.0
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone office	-	-	-	-	-	-	-	1	1	1
Patrol units	47	50	50	48	49	49	49	49	49	50
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public Works-Transportation:										
Paved streets (miles)	141.1	135.8	135.8	130.5	128.6	126.2	120.7	119.9	120.3	121.7
Unpaved streets (miles)	6.8	9.5	9.5	9.5	8.7	8.8	8.8	9.1	7.9	8.2
Streetlights	2,956	2,956	2,956	2,918	2,875	2,875	2,875	2,860	2,850	2,817
Traffic signals	33	32	32	32	33	33	33	33	33	31
Parks and Recreation:										
Area (acres)	404.1	404.1	404.1	266.5	254.0	253.0	253.0	253.0	253.0	275.5
Tennis Courts	8	8	8	8	9	9	9	9	9	9
Playgrounds	12	12	12	12	12	12	12	11	11	10
Recreation (community) centers	3	3	3	3	3	3	3	3	3	3
Shuffleboard/lawn bowling courts	21	21	21	21	21	21	21	21	21	21
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Baseball/softball diamonds	9	9	9	9	9	9	9	9	9	9
Basketball courts	7	7	7	7	7	7	7	7	7	7
Pickleball courts	8	8	2	-	-	-	-	-	-	-
18 hole golf courses	1	1	1	1	1	1	1	1	1	1
Marina boat slips	42	42	42	42	42	42	42	42	42	42
Boat ramps	6	6	6	6	6	6	6	6	6	6
Parks and picnic areas	25	25	25	25	24	24	24	24	23	23

Source: Various City Departments

**CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Federal/ State Agency Pass-Through Entity Federal Program/ State Project	CSFA Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Housing and Urban Development			
Passed through Volusia County Dept. Community Services: Community Development Block Grant / Entitlement Grants	14.218	2017-18 Pickle Ball Court	\$ 125,800
Total U.S. Department of Housing and Urban Development and CDBG - Entitlement Grants Cluster			<u>125,800</u>
U.S. Department of Justice			
Passed through Florida Office of Attorney General: Crime Victim Assistance - Victims Advocate	16.575	2016-VA-GX-0041	83,228
Direct: Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGD-VOLU-6-N3-067	6,605
Total U.S. Department of Justice			<u>89,833</u>
Federal Aviation Authority			
Direct: COVID-19 - CARES - Airport Improvement Program	20.106	FAA AIP No. 3-12-0054-023-2020	69,000
Total Federal Aviation Authority			<u>69,000</u>
Florida Department of Transportation			
Direct: Highway Planning and Construction	20.205	G0Y63/FPN: 437936-1-38-01	219,471
Total Florida Department of Transportation and Highway Planning and Construction Cluster			<u>219,471</u>
U.S. Department of Treasury			
Passed through the County of Volusia, Florida: COVID-19 - CARES - Coronavirus Relief Fund	21.019	Interlocal Agreement	968,872
Total U.S. Department of Treasury			<u>968,872</u>
U.S Office of National Drug Control Policy			
Passed through Volusia County Sheriff's Office: High Intensity Drug Trafficking Area Program	95.001	G18CG003A	10,175
Total U.S. Office of National Drug Control Policy			<u>10,175</u>
U.S. Department of Homeland Security			
Passed through State of Florida, Division of Emergency Management Disaster Grants - Public Assistance	97.036	19-PA-00-06-74-01-481	117,999
Total U.S. Department of Homeland Security			<u>117,999</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,601,150</u>
STATE FINANCIAL ASSISTANCE			
Florida Department of Transportation			
Direct: Aviation Development Grants - Apron Improvements	55.004	G0124/FPN: 431578-1-94-01	\$ 1,067,230
Aviation Development Grants - T Hangar	55.004	G0W82/FPN: 438472-1-94-01	17,691
Aviation Development Grants - T Hangar H	55.004	G1I80/FPN: 438472-1-94-02	271,744
Aviation Development Grants - Admin & Maintenance Facility	55.004	G0Y64/ FPN: 437016-1-94-01	3,040
Total Florida Department of Transportation and Aviation Grant Programs			<u>1,359,705</u>
Florida Department of Environmental Protection			
Direct: Florida Communities Trust - Tumbull Creek Watershed Preservation Project	37.078	F1921 / 18-021-FF19	3,576,960
Total Department of Environmental Protection			<u>3,576,960</u>
Florida Fish and Wildlife Conservation Commission			
Direct: Derelict Vessel Removal Grant	77.005	19171	14,950
Total Florida Fish and Wildlife Conservation Commission			<u>14,950</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 4,951,615</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

CITY OF NEW SMYRNA BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant awards and state financial assistance activity of the City of New Smyrna Beach, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(3) **De Minimis Indirect Cost Rate Election:**

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Subrecipients:**

During the year ended September 30, 2020, the City provided no federal awards to subrecipients.

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? _____ yes X none reported

Identification of major Federal programs:

CFDA Number	Program Name
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B Federal programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major State projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550? _____ yes X none reported

**CITY OF NEW SMYRNA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Dollar threshold used to distinguish between Type A
and Type B State projects: \$750,000

Identification of major State projects:

CSFA Number	Project Name
37.078	Florida Communities Trust Grant Program
55.004	Aviation Grant Programs

Dollar threshold used to distinguish between type A and
type B State projects: \$750,000

B. Financial Statement Findings:

2020-001 Reconciliation of Account Balances (Repeat of 2019-001)

Condition: We noted a number of general ledger balances including expenditures, payables, receivables, cash, unearned revenue, capital assets, and debt that required audit adjustments in order to be in compliance with generally accepted accounting principles in the United States of America.

Criteria: All balances should be reconciled to supporting documentation and reconciled with the general ledger.

Cause: The cause of the audit adjustments was due to not carefully reconciling supporting documentation to the general ledger account balances.

Effect: The effect was there would have been misstatements of the general ledger account balances at year-end if the audit adjustments had not been proposed.

Recommendation: We recommend the City review significant transactions monthly to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger.

C. Federal Programs Findings and Questioned Costs:

No findings and questioned costs were noted.

D. Summary Schedule of Prior Audit Findings:

See Summary Schedule of Prior Audit Findings, as listed in the table of contents.

E. Corrective Action Plan:

See Management's Response to Findings, as listed in the table of contents.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of New Smyrna Beach, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2020. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2020.

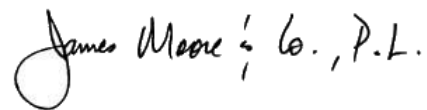
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



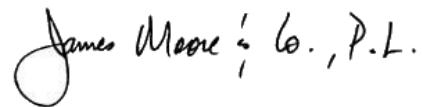
Daytona Beach, Florida
April 23, 2021

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of New Smyrna Beach, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Daytona Beach, Florida
April 23, 2021

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Smyrna Beach, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2021. Our report includes a reference to other auditors who audited the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify one deficiency in internal control (2020-001), described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

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Gainesville, FL 32607-2063
Telephone: 352-378-1331

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

Compliance and Other Matters

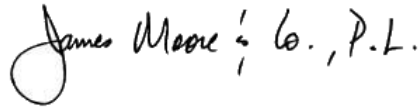
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

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

Purpose of this Report

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

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

Daytona Beach, Florida
April 23, 2021

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

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

Report on the Financial Statements

We have audited the financial statements of City of New Smyrna Beach, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 23, 2021. We did not audit the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida which represents the assets and revenues of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Utilities Commission, City of New Smyrna Beach, Florida, is based on the reports of the other auditors.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 23, 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. Repeat findings exist from the second preceding audit, as listed below. The following is a summary of prior year recommendations:

2019-001 Reconciliation of Account Balances – Previously reported as item 2018-001. Corrective action not taken, see item 2020-001.

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2019-002 Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance – Previously reported as item 2018-003. Corrective action taken.

2019-003 IT Administrator Access – Corrective action taken.

2019-004 Pension Benefit Payments – Corrective action not taken, see item 2020-002.

2019-005 Compliance with Fund Balance Policies in the City’s Fiscal Policies – Corrective action not taken, see item 2020-003.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

2020-002 Pension Benefit Payments (Repeat of 2019-004): We selected certain benefit payments to participants for testing and requested supporting documentation underlying those payments as part of our testing of pension benefit testing. In response to this request, documentation for the majority of participants selected for the Firefighters’ Pension Plans could not be produced for participants actively receiving benefit payments. We note the responsibility to administer and monitor the City’s pension plans has been assigned to respective pension boards, but the ultimate responsibility falls back to the City. As a result, we recommend a formal review process be implemented and performed by the City in collaboration with the pension plan administrators in effort to ensure all pension benefit payments are accurately paid.

2020-003 Compliance with Fund Balance Policies in the City’s Fiscal Policies (Repeat of 2019-005): During testing of the City's Fund Balance Policy, we noted noncompliance in the unrestricted/unassigned net position requirement for the Sanitation Fund. The City's Fund Balance policy states the Sanitation Fund shall have a reservation of fund balance equal to 20% of the current fiscal year budgeted operating expenditures and transfers out. For the year ended September 30, 2020, the unrestricted/unassigned fund balance in this fund did not meet this requirement. We recommend the above fund’s net position be closely monitored and the City’s fund balance policy be adhered to. Should it be determined the current Fund Balance Policies requirements are not attainable, we recommend the City consider modifying the Policy.

2020-004 Investment Policy: We recommend the City provide clarification to the investment policy as to what are considered allowable investments in the portfolios held through intergovernmental investment pools.

Additional Matters

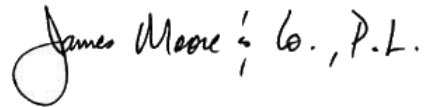
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

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

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

Purpose of this Letter

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

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

Daytona Beach, Florida
April 23, 2021

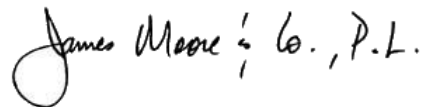
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City of New Smyrna Beach, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



Daytona Beach, Florida
April 23, 2021



Management's Response to Findings and Corrective Action Plan

April 23, 2021

The City of New Smyrna Beach, Florida respectfully submits the following corrective action plan for the year ended September 30, 2020.

Name and address of independent public accounting firm:

James Moore CPAs & Consultants

121 Executive Circle

Daytona Beach, FL 32114-1180

Audit Period:

Fiscal Year October 1, 2019 – September 30, 2020

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

2020-001 Reconciliation of Account Balances

Management concurs with the auditor recommendation and corrective action will be taken. The Finance Department will establish a monthly review of the trail balance and significant transactions for accuracy and completeness as well as a more structured reconciliation at the year-end. This process will ensure a proper cutoff and complete reconciliation to the general ledger.

2020-002 Pension Benefit Payments

Management concurs with the auditor recommendation and corrective action has been taken. Since June 2020, the Human Resources Department has taken full responsibility for the processes related to employee pension elections and document retention. All inquiries, documentation, and reporting starts and ends in the HR Department. In the past, employee election documents were sometimes forwarded to the actuary or bank issuing payments. That process has been taken over by HR and all documentation from request for pension calculations to final elections is completed by an HR representative and all documents are stored in the employee's personnel file.

2020-003 Compliance with Fund Balance Policies in the City's Fiscal Policies

Management concurs with the auditor recommendation and corrective action will be taken.

2020-004 Investment Policy

Management concurs with the auditor recommendation and corrective action will be taken. The City will review the current investment policy and provide clarification as to what are considered allowable investments held through intergovernmental pools.



Summary Schedule of Prior Audit Findings

April 23, 2021

2019-001 Reconciliation of Account Balances – Previously reported as item 2018-001. Corrective action not taken, see item 2020-001.

2019-002 Preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance – Previously reported as item 2018-003. Corrective action taken.

2019-003 IT Administrator Access – Corrective action taken.

2019-004 Pension Benefit Payments – Corrective action not taken, see item 2020-002.

2019-005 Compliance with Fund Balance Policies in the City's Fiscal Policies – Corrective action not taken, see item 2020-003.

AFFIDAVIT

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

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

FURTHER AFFIANT SAYETH NAUGHT.

Natalia Eckroth

Natalia Eckroth

STATE OF FLORIDA
COUNTY OF VOLUSIA

SWORN TO AND SUBSCRIBED before me this 20th day of April, 2021



Kelly McQuillen

NOTARY PUBLIC

Print Name Kelly McQuillen

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires:

4/12/2024